



FORD-SCOTT

& ASSOCIATES, L.L.C.

CITY OF ATLANTIC CITY
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CITY OF ATLANTIC CITY

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

CITY OF ATLANTIC CITY

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CITY OF ATLANTIC CITY

PART 1

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2017

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Atlantic City, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Atlantic City, as of December 31, 2017 and 2016, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles.

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Atlantic City on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Atlantic City as of December 31, 2017 and 2016, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2017 and 2016, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Atlantic City's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Uniform Guidance and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2018 on our consideration of the City of Atlantic City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Atlantic City's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

May 25, 2018

EXHIBIT A - CURRENT FUND

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**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 78,912,725.33	42,342,849.18
Cash - Collector	-	-
Cash - Change	1,470.00	1,470.00
Total Cash	<u>78,914,195.33</u>	<u>42,344,319.18</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	135,891.45	131,994.95
Due from State - Qualified Bonds	4,068,737.49	2,336,487.49
Due from State - ACA/IAT	-	4,390,712.00
Due from Atlantic County	-	14,403.27
Total Other Receivables	<u>4,204,628.94</u>	<u>6,873,597.71</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	1,223,005.66	8,716,806.54
Tax Title and Other Liens	9,741,799.56	10,907,384.86
Property Acquired for Taxes - at Assessed Valuation	29,857,600.00	29,087,600.00
Demolition Assessments and Liens	2,971,169.33	2,928,829.08
Revenue Accounts Receivable	109,595.51	93,474.56
Advance from AC Endowment Fund	3,000,000.00	3,000,000.00
Interfund Receivable:		
Animal Control Fund	468.00	388.80
CDBG	168,643.93	105,659.05
Federal and State Grant Fund	3,245,066.09	3,098,512.95
Trust	-	158,316.53
Total Receivables and Other Assets	<u>50,317,348.08</u>	<u>58,096,972.37</u>
Deferred Charges:		
Deficit in Operations	7,384,442.24	8,615,182.24
Deficit Due to Tax Appeals	-	108,028,257.32
Prior Outstanding Payables	44,843,282.00	37,588,785.85
Special Emergency Appropriation	-	-
Total Deferred Charges	<u>52,227,724.24</u>	<u>154,232,225.41</u>
Total Regular Fund	<u>185,663,896.59</u>	<u>261,547,114.67</u>
Federal and State Grant Fund:		
Cash	125,039.43	48,947.02
Federal and State Grants Receivable	27,955,200.56	41,391,511.80
Due from Trust Fund - Other	756.09	756.09
Total Federal and State Grant Fund	<u>28,080,996.08</u>	<u>41,441,214.91</u>
Total Current Fund	<u>\$ 213,744,892.67</u>	<u>302,988,329.58</u>

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2017</u>	<u>2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 9,017,566.82	14,590,487.73
Reserve for Encumbrances	4,208,606.51	3,812,002.38
Accounts Payable	385,872.57	423,335.63
Accrued Interest Payable on Judgement	-	14,648,002.00
Prior Outstanding Open Payables	44,843,282.00	37,588,785.85
Prepaid Taxes	2,634,154.11	840,825.85
Overpaid Taxes	6,943,453.88	89,073,638.39
Casino PILOT Payable	3,476,231.05	-
Local School Tax Payable	3,347,843.11	9,242,106.69
County Added Tax Payable	111,715.64	-
Due to Atlantic City MUA	-	4,716.74
Due to State:		
Marriage Licenses	1,053.00	1,830.00
CCO Fees	128,840.00	68,035.00
Interfund Payable:		
Other Trust Funds	12,634,459.00	11,696,017.72
Other		
Payroll Deductions Payable	1,573,862.92	1,917,540.37
AC Endowment Fund	1,320,801.51	1,320,669.42
Reserve for Revaluation	900,000.00	900,000.00
Reserve for Performance Bonds	205,862.89	205,862.89
Reserve for Police Property Room	50,338.71	50,338.71
Reserve for State Tax Appeals Pending	17,427,116.04	2,917,116.04
Reserve for FEMA	7,500,696.71	1,985,407.71
Reserve for Preparation of Approved Tax Map	188,107.55	188,107.55
Reserve for Sale of Municipal Property	5,666,072.00	-
Miscellaneous Reserves	-	200,000.00
	<u>122,565,936.02</u>	<u>191,674,826.67</u>
Reserve for Receivables and Other Assets	50,317,348.08	58,096,972.37
Fund Balance	<u>12,780,612.49</u>	<u>11,775,315.63</u>
Total Regular Fund	<u>185,663,896.59</u>	<u>261,547,114.67</u>
Federal and State Grant Fund:		
Unappropriated Reserves	203,346.57	81,000.16
Appropriated Reserves	20,495,655.68	29,359,232.34
Encumbrances Payable	4,127,442.44	8,902,469.46
Due to Current Fund	3,245,066.09	3,098,512.95
Due to Agencies	9,485.30	-
Total Federal and State Grant Fund	<u>28,080,996.08</u>	<u>41,441,214.91</u>
Total Current Fund	<u>\$ 213,744,892.67</u>	<u>302,988,329.58</u>

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2017	2016
Revenue and Other Income Realized		
Fund Balance	\$ -	-
Miscellaneous Revenue Anticipated	169,919,646.34	117,925,436.54
Receipts from Delinquent Taxes	7,829,588.07	-
Receipts from Current Taxes	96,542,661.04	231,758,652.44
Non Budget Revenue	1,851,369.80	2,365,801.32
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	13,763,747.27	12,830,933.29
Grants Canceled	-	49,027.54
Interfund Returned	-	3,015,931.92
Reserves and Accounts Payables Canceled	2,479,605.32	709,137.00
Reserve for State Tax Appeals	71,667,203.59	16,404,029.58
Total Income	<u>364,053,821.43</u>	<u>385,058,949.63</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	67,245,899.00	80,139,236.00
Other Expenses	95,504,453.00	72,332,688.74
Deferred Charges & Statutory Expenditures	23,158,311.35	38,229,145.61
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	6,231,896.24	8,783,628.77
Capital Improvements	200,000.00	200,000.00
Debt Service	29,126,194.07	36,782,824.09
Deferred Charges	-	350,000.00
Local District School Tax	41,888,968.00	100,077,234.00
County Tax	7,469,141.60	24,901,259.50
County Share of Added Tax	111,715.64	-
Interfund Created	50,832.69	-
Refund of Prior Year's Revenue	280,673.55	31,021.42
Other: deferred charges		
Prior Year Overpayments	71,667,203.59	73,645,235.90
Borgata Deferred Charge	20,113,235.84	-
Total Expenditures	<u>363,048,524.57</u>	<u>435,472,274.03</u>
Excess/(Deficit) in Revenue	1,005,296.86	(50,413,324.40)

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2017</u>	<u>2016</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	-	57,241,206.32
Emergency Appropriation		
Special Emergency Appropriation		
Total Adjustments	<u>-</u>	<u>57,241,206.32</u>
Statutory Excess to Fund Balance	<u>1,005,296.86</u>	<u>6,827,881.92</u>
Fund Balance January 1	<u>11,775,315.63</u>	<u>4,947,433.71</u>
	12,780,612.49	11,775,315.63
Decreased by:		
Utilization as Anticipated Revenue	<u>-</u>	<u>-</u>
Fund Balance December 31	<u>\$ 12,780,612.49</u>	<u>11,775,315.63</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ -			-
Total Fund Balance Anticipated	-	-	-	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	170,000.00		202,671.20	32,671.20
Other	950,000.00		936,355.97	(13,644.03)
Fees and Permits	1,500,000.00		1,573,759.58	73,759.58
Fines and Costs:				-
Municipal Court	1,400,000.00		1,372,212.27	(27,787.73)
Interest and Costs on Taxes	750,000.00		1,861,965.41	1,111,965.41
Interest Earned on Investments	30,000.00		153,757.49	123,757.49
Parking Meters	600,000.00		814,130.13	214,130.13
Boardwalk Tram Fees	125,000.00		238,415.42	113,415.42
Refunds and Reimbursements	2,701,000.00		4,783,461.58	2,082,461.58
Rent and Sale of City Property	150,000.00		534,934.80	384,934.80
Towing Fees	250,000.00		300,473.75	50,473.75
Payments in Lieu of Taxes				
Magellan Manor	75,000.00		86,452.52	11,452.52
Maryland Ave	23,500.00		16,253.36	(7,246.64)
Metropolitan Plaza	28,000.00		29,056.36	1,056.36
New York Ave Apt	108,500.00		113,122.26	4,622.26
Beachview	14,000.00		11,362.50	(2,637.50)
Elliot House	44,500.00		14,076.00	(30,424.00)
School House Liberty	50,000.00		29,990.78	(20,009.22)
Urban - Connecticut	28,500.00		65,705.91	37,205.91
Town House Terraces East I	75,000.00		74,103.00	(897.00)

The accompanying Notes to Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Anticipated			
	Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Atlantic City Townhouse	174,000.00		-	(174,000.00)
Baltic Plaza Apt	100,000.00		115,375.00	15,375.00
Best of Life Park	190,000.00		-	(190,000.00)
Community Haven	400,000.00		375,600.00	(24,400.00)
Hamilton Venice Apartments	57,500.00		53,817.00	(3,683.00)
Bright's Villa North				-
Barclay Arms	60,000.00		57,094.07	(2,905.93)
Brigantine Homes	125,000.00		130,493.00	5,493.00
Bass Pro Shop	165,000.00		-	(165,000.00)
The Walk Phase I	648,000.00		648,048.01	48.01
The Walk Phase II	258,000.00		258,236.57	236.57
The Walk Phase III	91,000.00		91,717.00	717.00
Atlantic Marina	450,000.00		471,934.00	21,934.00
Casinos Pilot	62,931,742.00		62,913,347.27	(18,394.73)
Total Section A: Local Revenues	74,723,242.00	-	78,327,922.21	3,604,680.21
Section B: State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief Act	34,817,744.00		34,817,743.98	(0.02)
Energy Receipts Tax	6,442,970.00		6,442,970.00	-
Transitional Aid	13,000,000.00		13,000,000.00	-
ACA Funds	15,000,000.00		15,000,000.00	-
IAT Funds	14,000,000.00		13,787,946.43	(212,053.57)
Total Section B: State Aid Without Offsetting Appropriations	83,260,714.00	-	83,048,660.41	(212,053.59)
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	1,750,000.00		2,354,913.55	604,913.55
Total Section C: Uniform Construction Code Fees	1,750,000.00	-	2,354,913.55	604,913.55

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section D: Interlocal Municipal Service Agreements				
CRDA - Tourism District Class 2's S&W	474,148.97		605,342.09	131,193.12
Total Section D: Interlocal Municipal Service Agreements	474,148.97	-	605,342.09	131,193.12
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Clean Communities	83,649.00		83,649.00	-
Ed Byrne Memorial Justice Assist. Grant	94,676.00		94,676.00	-
Recycling Tonnage Grant	80,990.86		80,990.86	-
Federal Body Armor	69,209.00		69,209.00	-
Local Law Enforcement Block Grant - Interest	9.30		9.30	-
NJ DOT Bikeway Connection	558,000.00		558,000.00	-
NJ DOT Bikeway Improvement	300,000.00		300,000.00	-
NJ DOT Inlet Bike Loop	296,000.00		296,000.00	-
CRDA Class 2 Officers	1,500,000.00		1,500,000.00	-
HDSRF Motor Vehicle Inspection Station	32,032.00		32,032.00	-
COPS in Shops		8,960.00	8,960.00	-
NJ Body Armor		21,389.73	21,389.73	-
Alliance on Alcoholism and Drugs		30,059.00	30,059.00	-
FEMA Assistance to Firefighters		611,364.00	611,364.00	-
AC Meals on Wheels	12,090.00		12,090.00	-
County Environmental Health Act	48,000.00		48,000.00	-
NJ BPU - Microgrid Feasibility Study		175,000.00	175,000.00	-
NJ DOT - Ventnor Ave		272,848.00	272,848.00	-
FBI AC Police Equipment		270,000.00	270,000.00	-
CDBG Disaster Recovery Inlet		46,441.38	46,441.38	-
AFG Fire Prevention and Safety		94,520.00	94,520.00	-
Total Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations	3,074,656.16	1,530,582.11	4,605,238.27	-

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section G: Other Special Items				
Uniform Fire Safety Act	225,000.00		248,990.31	23,990.31
Atlantic City Municipal Utilities Authority	683,542.00		683,542.00	-
FEMA Reimbursement	45,037.50		45,037.50	-
Total Section G: Other Special Items	953,579.50	-	977,569.81	23,990.31
Total Miscellaneous Revenues:	164,236,340.63	1,530,582.11	169,919,646.34	4,152,723.60
Receipts from Delinquent Taxes	1,000,000.00		7,829,588.07	6,829,588.07
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	55,853,861.02		48,226,633.56	(7,627,227.46)
Library Tax	1,052,509.00		1,052,509.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	56,906,370.02	-	49,279,142.56	(7,627,227.46)
Budget Totals	222,142,710.65	1,530,582.11	227,028,376.97	3,355,084.21
Non-Budget Revenues:				
Other Non-Budget Revenues:			1,851,369.80	1,851,369.80
\$	222,142,710.65	1,530,582.11	228,879,746.77	5,206,454.01

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 96,542,661.04
Less: Reserve for Tax Appeals Pending	<u>-</u>
Net Revenue from Collections	96,542,661.04
Allocated to:	
School, County and Other Taxes	<u>49,469,825.24</u>
Balance for Support of Municipal Budget Appropriations	47,072,835.80
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	<u>2,206,306.76</u>
Amount for Support of Municipal Budget Appropriations	<u><u>49,279,142.56</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	\$ 7,081,309.94
Tax Title Lien Collections	<u>748,278.13</u>
Total Receipts from Delinquent Taxes	<u><u>7,829,588.07</u></u>

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Cancelled Payables	77,518.27
Demolition Arrears and Liens	54,836.33
Cancellations	163,680.96
Bingo	4,090.00
Rent	23,485.00
Special Events	85,063.34
Auto Auctions	695.00
Tax Sale Reimbursements	108,297.40
Senior Citizens Veterans Admin Fee	2,305.00
Stimulus Payments	10,999.00
PILOT's not Anticipated	4,614.97
Police Detail	1,041,996.40
ACBOE Gasoline and Trash	4,600.43
Mortgage Registrations	236,700.00
Miscellaneous	<u>32,487.70</u>

Total Miscellaneous Revenue Not Anticipated:	<u><u>\$ 1,851,369.80</u></u>
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Non-cash	77,518.27
Tax Collector	65,835.33
Treasurer	<u>1,708,016.20</u>
	<u><u>\$ 1,851,369.80</u></u>

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF ADMINISTRATION						
Mayor's Office						
Salaries and Wages	\$ 266,231.00	266,231.00	250,000.01		16,230.99	-
Other Expenses	12,915.00	12,915.00	7,609.37	1,281.70	4,023.93	-
Business Administrator						
Salaries and Wages	115,443.00	115,443.00	108,588.86		6,854.14	-
Other Expenses	138,775.00	138,775.00	60,897.85	28,504.09	49,373.06	-
Administrative Services - Mail Room						
Salaries and Wages	68,868.00	68,868.00	55,580.41		13,287.59	-
Other Expenses	170,460.00	170,460.00	134,491.07	10,000.00	25,968.93	-
Solicitor's Office						
Salaries and Wages	748,593.00	748,593.00	729,436.90		19,156.10	-
Other Expenses	920,130.00	920,130.00	447,074.93	399,072.17	73,982.90	-
Prosecutor's Office						
Salaries and Wages	261,903.00	268,903.00	267,765.55		1,137.45	-
Other Expenses	18,990.00	18,990.00	7,415.81	6,777.95	4,796.24	-
Public Defender						
Salaries and Wages	117,805.00	117,805.00	113,623.15		4,181.85	-
Other Expenses	30,000.00	30,000.00	14,069.73	7,966.00	7,964.27	-
Insurance						
Unemployment	300,000.00	300,000.00	300,000.00		-	-
Liability	6,965,000.00	6,965,000.00	6,220,415.77	43,618.00	700,966.23	-
Workers Compensation	5,025,450.00	5,025,450.00	4,913,366.63	11,500.00	100,583.37	-
Employee Group	31,726,302.00	31,726,302.00	29,204,514.01	1,059,122.55	1,462,665.44	-
Health Waiver - Employee Opt Out	130,000.00	130,000.00	100,428.26		29,571.74	-
Social Services Agencies	14,500.00	14,500.00		1,622.66	12,877.34	-
Municipal Court						
Salaries and Wages	977,869.00	977,869.00	939,149.69		38,719.31	-
Other Expenses	56,570.00	56,570.00	42,161.33	8,782.75	5,625.92	-
Assessor						
Salaries and Wages	273,968.00	273,968.00	236,903.19		37,064.81	-
Other Expenses	389,497.00	389,497.00	110,976.62	51,478.14	227,042.24	-
MIS						
Salaries and Wages	203,688.00	196,688.00	180,975.40		15,712.60	-
Other Expenses	1,074,080.00	1,074,080.00	782,006.99	249,051.42	43,021.59	-

The accompanying Notes to Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF HUMAN RESOURCES						
Director's Office						
Salaries and Wages	117,500.00	117,500.00	90,000.04		27,499.96	-
Other Expenses	87,165.00	87,165.00	60,930.29	13,075.50	13,159.21	-
Personnel Division						
Salaries and Wages	298,560.00	298,560.00	277,537.45		21,022.55	-
Health Division						
Salaries and Wages	30,793.00	30,793.00	30,624.34		168.66	-
DEPARTMENT OF PLANNING AND DEVELOPMENT						
Director's Office						
Salaries and Wages	193,527.00	191,527.00	168,643.34		22,883.66	-
Other Expenses	37,885.00	37,885.00	24,325.00	3,182.00	10,378.00	-
Planning Division						
Salaries and Wages	176,132.00	178,132.00	174,520.53		3,611.47	-
Other Expenses	78,210.00	78,210.00	16,980.73	59,523.70	1,705.57	-
Zoning Board						
Other Expenses	14,000.00	14,000.00	12,000.00	2,000.00	-	-
City Engineer						
Salaries and Wages	470,041.00	470,041.00	466,250.79		3,790.21	-
Other Expenses	638,673.00	638,673.00	365,767.24	31,965.99	240,939.77	-
Economic Development - CDBG						
Salaries and Wages	100,000.00	100,000.00	93,094.60		6,905.40	-
DEPARTMENT OF REVENUE AND FINANCE						
Director's Office						
Salaries and Wages	219,098.00	219,098.00	218,314.53		783.47	-
Other Expenses	106,925.00	106,925.00	63,371.91	40,944.23	2,608.86	-
Comptroller's Office						
Salaries and Wages	693,593.00	693,593.00	681,721.16		11,871.84	-
Other Expenses	95,055.00	95,055.00	54,386.79	18,974.00	21,694.21	-
Tax Collector's Office						
Salaries and Wages	283,882.00	243,882.00	222,180.06		21,701.94	-
Other Expenses	65,450.00	105,450.00	35,172.28	5,318.87	64,958.85	-
Audit Services						
Other Expenses	125,000.00	125,000.00	101,985.00		23,015.00	-
Purchasing						
Salaries and Wages	206,690.00	206,690.00	205,395.36		1,294.64	-
Other Expenses	20,000.00	20,000.00	9,124.58	3,359.29	7,516.13	-
Finance Division						
Salaries and Wages	131,377.00	131,377.00	131,147.21		229.79	-
Other Expenses	555.00	555.00	247.20		307.80	-

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF PUBLIC SAFETY						
Police						
Salaries and Wages	28,884,556.00	28,839,556.00	27,873,382.19		966,173.81	-
Other Expenses	1,071,885.00	1,071,885.00	600,976.48	308,646.27	162,262.25	-
Police Civilian Division						
Salaries and Wages	4,466,047.00	4,466,047.00	4,176,091.56		289,955.44	-
Other Expenses	366,960.00	366,960.00	181,783.05	6,157.42	179,019.53	-
Emergency Services						
Salaries and Wages	2,076,976.00	1,910,976.00	1,808,532.25		102,443.75	-
Other Expenses	219,450.00	225,450.00	187,698.65	26,317.89	11,433.46	-
Fire						
Salaries and Wages	14,022,965.00	14,367,965.00	13,861,551.99		506,413.01	-
Other Expenses	90,500.00	90,500.00	28,827.56	60,092.08	1,580.36	-
Fire Civilian						
Salaries and Wages	135,604.00	135,604.00	135,013.58		590.42	-
Uniform Fire Safety Act						
Salaries and Wages	725,100.00	585,100.00	546,636.47		38,463.53	-
Other Expenses	2,208.00	2,208.00	332.14	1,660.70	215.16	-
DEPARTMENT OF PUBLIC WORKS						
Director's Office						
Salaries and Wages	482,990.00	442,990.00	420,567.84		22,422.16	-
Other Expenses	1,141,300.00	1,341,300.00	717,170.40	417,519.01	206,610.59	-
Electrical Bureau						
Salaries and Wages	322,848.00	292,848.00	278,452.01		14,395.99	-
Other Expenses	24,590.00	24,590.00	13,240.23	4,488.62	6,861.15	-
Parks						
Salaries and Wages	538,516.00	498,516.00	451,080.41		47,435.59	-
Other Expenses	9,610.00	9,610.00	8,055.36	1,255.50	299.14	-
Beach and Boardwalk						
Salaries and Wages	814,235.00	814,235.00	757,674.04		56,560.96	-
Other Expenses	13,345.00	13,345.00	10,527.23	2,694.37	123.40	-
Sanitation						
Salaries and Wages	1,209,716.00	1,134,716.00	1,073,518.90		61,197.10	-
Other Expenses	2,125,692.00	2,285,692.00	1,713,938.13	281,556.96	290,196.91	-
Asphalt Plant/Street Repairs						
Salaries and Wages	402,596.00	352,596.00	311,912.15		40,683.85	-
Other Expenses	43,790.00	43,790.00	32,175.26	11,391.06	223.68	-
Paint and Sign Shop						
Salaries and Wages	114,510.00	119,510.00	112,331.53		7,178.47	-
Other Expenses	21,805.00	21,805.00	21,460.17	186.00	158.83	-

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Building Maintenance Division						
Salaries and Wages	1,079,650.00	1,079,650.00	953,316.43		126,333.57	-
Other Expenses	16,330.00	16,330.00	15,349.03	40.45	940.52	-
Community Services Act						
Other Expenses	900,000.00	900,000.00	765,902.58	35,601.45	98,495.97	-
Vehicle Maintenance						
Other Expenses	2,278,000.00	2,278,000.00	1,461,607.29	637,962.73	178,429.98	-
Facilities						
Salaries and Wages	521,474.00	501,474.00	467,735.91		33,738.09	-
Other Expenses	20,435.00	20,435.00	17,189.12	1,328.29	1,917.59	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Director's Office						
Other Expenses	76,375.00	306,375.00	27,540.52	10,730.09	268,104.39	-
Health Administration						
Salaries and Wages	776,546.00	746,546.00	711,075.94		35,470.06	-
Other Expenses	24,515.00	24,515.00	12,666.07	484.47	11,364.46	-
Social Services						
Salaries and Wages	788,374.00	638,374.00	609,759.63		28,614.37	-
Other Expenses	209,810.00	184,810.00	134,766.22	3,318.54	46,725.24	-
Recreational and Cultural Affairs						
Salaries and Wages	1,099,528.00	989,528.00	794,842.23	1,070.45	194,685.77	-
Other Expenses	44,170.00	44,170.00	16,166.76		28,932.79	-
Clinical Services						
Other Expenses	86,000.00	61,000.00	39,432.14	11,345.98	10,221.88	-
Animal Control Expense						
Other Expenses	43,200.00	43,200.00	39,600.00	3,600.00	-	-
DEPARTMENT OF LICENSES AND INSPECTIONS						
Director's Office						
Salaries and Wages	203,900.00	208,900.00	205,783.09		3,116.91	-
Other Expenses	18,965.00	20,965.00	18,879.77	1,128.55	956.68	-
Inspections						
Salaries and Wages	794,251.00	787,251.00	754,894.37		32,356.63	-
Other Expenses	5,020.00	5,020.00	3,850.69	1,079.34	89.97	-
Regulatory Division						
Salaries and Wages	402,349.00	402,349.00	392,272.71		10,076.29	-
Other Expenses	9,375.00	9,375.00	8,336.77	772.00	266.23	-
CITY COUNCIL						
Salaries and Wages	306,436.00	306,436.00	306,435.74		0.26	-
Other Expenses	8,325.00	8,325.00	4,056.91	3,653.57	614.52	-

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
CITY CLERK					
Salaries and Wages	272,957.00	272,957.00	267,411.09		5,545.91
Other Expenses	100,295.00	100,295.00	52,038.90	12,908.43	35,347.67
UNIFORM CONSTRUCTION CODE					
Salaries and Wages	1,436,214.00	1,436,214.00	1,274,767.34		161,446.66
Other Expenses	7,210.00	7,210.00	3,988.40	2,985.31	236.29
UNCLASSIFIED					
Gas	300,000.00	300,000.00	215,223.61	31,252.85	53,523.54
Street Lighting	1,840,706.00	1,840,706.00	1,676,915.07	94,076.06	69,714.87
Electricity	1,700,000.00	1,675,000.00	1,406,813.45	41,414.47	226,772.08
Telephone	750,000.00	750,000.00	658,482.76	35,547.62	55,969.62
Sewer	180,000.00	205,000.00	176,852.49	2,065.71	26,081.80
Gasoline	800,000.00	800,000.00	404,637.90	88,463.76	306,898.34
City Water Usage	300,000.00	300,000.00	278,583.15		21,406.85
Codification of Ordinances	15,000.00	15,000.00	10,000.00		5,000.00
Terminal Leave Payments	3,000,000.00	3,000,000.00	3,000,000.00		-
Reserve for Tax Appeals	28,810,000.00	28,810,000.00	28,810,000.00		-
Refund of Overpayments	-	-			-
Interest to State for Deferred Payments	-	-			-
TOTAL OPERATIONS WITHIN "CAPS"	<u>162,750,352.00</u>	<u>162,750,352.00</u>	<u>150,051,285.62</u>	<u>4,199,917.01</u>	<u>8,499,149.37</u>
Contingent					-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	<u>162,750,352.00</u>	<u>162,750,352.00</u>	<u>150,051,285.62</u>	<u>4,199,917.01</u>	<u>8,499,149.37</u>
Detail:					
Salaries and Wages	67,833,899.00	67,245,899.00	64,186,491.97	-	3,059,407.03
Other Expenses	94,916,453.00	95,504,453.00	85,864,793.65	4,199,917.01	5,439,742.34
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Deferred Charges:					
Operating Deficit	1,230,740.00	1,230,740.00	1,230,740.00		-
Prior Years					-
FEMA Deobligation	164,913.88	164,913.88	156,224.38	8,689.50	-

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	3,630,016.37	3,630,016.37	3,630,016.37	-	-
Social Security System (O.A.S.I.)	2,600,000.00	2,600,000.00	2,337,206.16	-	-
Consolidated Police and Firemen's Pension Fund	296.74	296.74	269.76	262,793.84	-
Police and Firemen's Retirement System	14,264,282.96	14,264,282.96	14,264,282.96	26.98	-
Defined Contribution Retirement Program	40,000.00	40,000.00	25,509.88	-	-
Lifeguard Pension	1,200,000.00	1,200,000.00	1,135,757.36	14,490.12	-
Pension Increase Act - CPF	28,061.40	28,061.40	(986.50)	64,242.64	-
				29,047.90	-
TOTAL DEFERRED CHARGES AND					
STATUTORY EXPENDITURES:	<u>23,158,311.35</u>	<u>23,158,311.35</u>	<u>22,779,020.37</u>	<u>8,689.50</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR					
MUNICIPAL PURPOSES WITHIN "CAPS"	<u>185,908,663.35</u>	<u>185,908,663.35</u>	<u>172,830,305.99</u>	<u>4,208,606.51</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"	1,052,509.00	1,052,509.00	1,052,509.00	-	-
Maintenance of Library	474,148.97	474,148.97	352,957.00	121,191.97	-
Interlocal Service Agreement - CRDA Class 2's					
	<u>1,526,657.97</u>	<u>1,526,657.97</u>	<u>1,405,466.00</u>	<u>-</u>	<u>-</u>
(A) Public and Private Programs Off-Set by					
Revenues					
Ed Byrne Memorial Justice Assist. Grant	94,676.00	94,676.00	94,676.00	-	-
HDSFR Motor Vehicle Inspection Station	32,032.00	32,032.00	32,032.00	-	-
Clean Communities	83,649.00	83,649.00	83,649.00	-	-
Federal Body Armor	69,209.00	69,209.00	69,209.00	-	-
Recycling Tonnage Grant	80,990.86	80,990.86	80,990.86	-	-
CRDA Class 2 Officers	1,500,000.00	1,500,000.00	1,500,000.00	-	-
Law Enforcement Block Grant Interest	9.30	9.30	9.30	-	-
NJ DOT Bikeway Improvement	300,000.00	300,000.00	300,000.00	-	-
NJ DOT Bikeway Connection	558,000.00	558,000.00	558,000.00	-	-
NJ DOT Inlet Bike Loop	296,000.00	296,000.00	296,000.00	-	-
COPS in Shops	8,960.00	8,960.00	8,960.00	-	-
NJ Body Armor	21,389.73	21,389.73	21,389.73	-	-
Alliance on Alcoholism and Drugs	30,059.00	30,059.00	30,059.00	-	-
Alliance on Alcoholism and Drugs - Match	7,515.00	7,515.00	7,515.00	-	-
CDBG Disaster Recovery Inlet Seawall	46,441.38	46,441.38	46,441.38	-	-
AFG Fire Prevention and Safety	94,520.00	94,520.00	94,520.00	-	-
AFG Fire Prevention and Safety	4,725.00	4,725.00	4,725.00	-	-

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
FEMA Assistance to Firefighters		611,364.00	611,364.00	-	-
FEMA Assistance to Firefighters - Match		61,136.00	61,136.00	-	-
AC Meals on Wheels	12,090.00	12,090.00	12,090.00	-	-
County Environmental Health Act	48,000.00	48,000.00	48,000.00	-	-
NJ BPU - Microgrid Feasibility Study		175,000.00	175,000.00	-	-
NJ DOT - Ventnor Ave		272,848.00	272,848.00	-	-
FBI AC Police Equipment		270,000.00	270,000.00	-	-
Matching Funds	100,000.00	26,624.00		26,624.00	-
Total Public and Private Programs Off-Set by Revenues	3,174,656.16	4,705,238.27	4,678,614.27	-	-
Total Operations - Excluded from "CAPS"	4,701,314.13	6,231,896.24	6,084,080.27	-	-
Detail:					
Salaries and Wages	4,701,314.13	6,231,896.24	6,084,080.27	-	-
Other Expenses					
(C) Capital Improvements	200,000.00	200,000.00	200,000.00	-	-
Capital Improvement Fund					
Total Capital Improvements	200,000.00	200,000.00	200,000.00	-	-
(D) Debt Service					
Payment of Bond Principal	17,162,000.00	17,162,000.00	17,162,000.00	-	-
Payment of Bond Anticipation Notes		-	-	-	-
Interest on Bonds	11,964,426.41	11,964,426.41	11,964,194.07	-	232.34
Interest on Notes		-	-	-	-
Total Debt Service	29,126,426.41	29,126,426.41	29,126,194.07	-	232.34
(E) Deferred Charges					
Emergency Authorizations		-	-	-	-
Special Emergency Authorization		-	-	-	-
Deferred Charge to Future Taxation - Unfunded		-	-	-	-
Total Deferred Charges	-	-	-	-	-

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	34,027,740.54	35,558,322.65	35,410,274.34	-	147,815.97	232.34
SUBTOTAL GENERAL APPROPRIATIONS	219,936,403.89	221,466,986.00	208,240,580.33	4,208,606.51	9,017,566.82	232.34
(M) Reserve for Uncollected Taxes	2,206,306.76	2,206,306.76	2,206,306.76			-
TOTAL GENERAL APPROPRIATIONS	\$ 222,142,710.65	223,673,292.76	210,446,887.09	4,208,606.51	9,017,566.82	232.34
Budget		222,142,710.65			Cancelled	232.34
Appropriations by 40A:4-87		1,530,582.11			Overexpended	-
Emergency Appropriations		223,673,292.76				232.34
Reserve for Uncollected Taxes			2,206,306.76			
Federal and State Grants			4,678,614.27			
Reserve for Tax Appeals			28,810,000.00			
Deferred Charges			1,386,964.38			
Disbursements			173,365,001.68			
			210,446,887.09			

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EXHIBIT B - TRUST FUND

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TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

<u>ASSETS</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Dog License Fund:			
Cash	\$	1,683.00	1,417.80
		<u>1,683.00</u>	<u>1,417.80</u>
Community Development Block Grant:			
Cash		53,334.95	78,498.71
CDBG Receivable		1,584,277.37	1,665,125.41
HOME Receivable		899,347.66	872,771.43
Loans Receivable		583,216.51	600,896.51
Due from Current			
Deferred Loan		<u>5,256,737.58</u>	<u>5,256,737.58</u>
		<u>8,376,914.07</u>	<u>8,474,029.64</u>
Other Funds:			
Cash - Treasurer		9,239,366.73	7,784,124.89
Cash - Collector		3,717,847.15	1,720,362.88
Police Detail Receivable		88,682.56	82,929.15
Due from Current Fund		12,634,459.00	11,537,704.48
Loan Receivable - NPP Program			<u>1,254.45</u>
		<u>25,680,355.44</u>	<u>21,126,375.85</u>
		<u>34,058,952.51</u>	<u>29,601,823.29</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Dog License Fund:			
Due to Current Fund		468.00	388.80
Due to State of New Jersey		-	-
Reserve for Dog Fund Expenditures		<u>1,215.00</u>	<u>1,029.00</u>
		<u>1,683.00</u>	<u>1,417.80</u>
Community Development Block Grant:			
Reserve for Community Development			
Block Grant - Appropriated		2,368,316.05	2,510,736.50
Reserve for Loans Receivable		5,839,954.09	5,857,634.09
Due to Agencies			
Due to Current Fund		<u>168,643.93</u>	<u>105,659.05</u>
		<u>8,376,914.07</u>	<u>8,474,029.64</u>
Other Funds:			
Deposits for Redemption of Tax Sale Certificates		452,547.15	562,962.88
Premiums on Tax Sale Deposits		3,265,300.00	1,157,400.00
Encumbrances Payable		-	2,344,862.84
Overpaid Special Detail Services		144,068.68	100,892.57
Due to Current Fund		-	3.29
Due to Federal and State Grant Fund		756.09	756.09
Miscellaneous Reserves		<u>21,817,683.52</u>	<u>16,959,498.18</u>
		<u>25,680,355.44</u>	<u>21,126,375.85</u>
Total	\$	<u>34,058,952.51</u>	<u>29,601,823.29</u>

The accompanying Notes to Financial Statements are an integral part of this statement

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EXHIBIT C - CAPITAL FUND

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**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Cash	\$	13,751,768.83	15,059,739.48
Deferred Charges to Future Taxation -			
Funded		344,609,000.00	223,646,000.00
Unfunded		14,292,951.43	480,000.00
Interfunds and Receivables			
Due from State of New Jersey		270,000.00	270,000.00
		<u>372,923,720.26</u>	<u>239,455,739.48</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Encumbrances Payable		1,487,156.92	1,306,549.22
Bond Anticipation Notes Payable		-	-
Serial Bonds Payable		37,864,000.00	49,530,000.00
Tax Appeal Refunding Bonds		306,745,000.00	174,116,000.00
Improvement Authorizations:			
Funded		7,899,798.96	9,650,755.43
Unfunded		480,000.00	480,000.00
Reserve for Payment of Bonds		-	-
Capital Improvement Fund		1,111,292.97	911,292.97
Fund Balance		17,336,471.41	3,461,141.86
	\$	<u>372,923,720.26</u>	<u>239,455,739.48</u>

There were bonds and notes authorized but not issued at December 31

2016	480,000.00
2017	14,292,951.43

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2017</u>	<u>2016</u>
Beginning Balance January 1	\$ 3,461,141.86	3,461,141.86
Increased by:		
Premiums on sale of Bonds & Notes	13,875,329.55	
Canceled Improvement Authorizations	-	
Decreased by:		
Transfer to Current Fund		
Transfer to Improvement Authorizations		
Ending Balance December 31	<u>\$ 17,336,471.41</u>	<u>3,461,141.86</u>

EXHIBIT G - GENERAL FIXED ASSETS ACCOUNT GROUP

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**STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2017</u>	<u>2016</u>
General Fixed Assets:		
Land	\$ 622,642,682.64	622,642,682.64
Land Improvements	10,295,441.92	9,746,440.00
Buildings	65,427,473.23	65,094,809.33
Machinery and Equipment	28,635,498.23	27,970,412.62
Vehicles	<u>26,018,202.98</u>	<u>25,728,126.49</u>
	<u>753,019,299.00</u>	<u>751,182,471.08</u>
Investment in General Fixed Assets	<u>\$ 753,019,299.00</u>	<u>751,182,471.08</u>

The accompanying Notes to Financial Statements are an integral part of this statement

**CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Atlantic City is a resort community in the County of Atlantic, State of New Jersey. The City covers an area of approximately 12 square miles with a population according to the 2010 census of 39,558. The City operates under a Mayor and Council form of government with the Mayor being the chief executive officer of the City and directly elected by the voters. The City Council is the law making body and passes all resolutions and ordinances. The City also employs a City Administrator who is responsible for the day to day operations of the City. Except as noted below, the financial statements of the City of Atlantic City include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Atlantic City, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. If the City reported under GAAP, the Atlantic City Municipal Utility Authority, 401 N. Virginia Avenue, Atlantic City and the Atlantic City Public Library, 1600 Atlantic Ave, Atlantic City would be considered component units. Complete financial statements for the component units may be obtained at the entity's administrative offices.

B. Description of Funds

The accounting policies of the City of Atlantic City conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the City of Atlantic City accounts for its financial transactions through the following separate funds:

Current Fund -- resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds -- receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

General Capital Fund -- receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow. A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts that are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the City budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts that may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

General Fixed Assets -- The City has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from accounting principles generally accepted in the United States of America.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value at the time the land is foreclosed or donated. Land purchased by the City is valued at cost.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time that construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have been accounted for separately.

The following schedule is a summarization of the changes in general fixed assets for the most recent calendar year ended December 31, 2017 and 2016:

	Balance as of 12/31/15	Additions	Disposals	Adjustments	Balance as of 12/31/16
Land	\$ 622,642,683				622,642,683
Land Improvements	8,965,912	780,528			9,746,440
Buildings	63,702,056	1,392,753			65,094,809
Machinery and Equipment	25,317,846	2,652,567			27,970,413
Vehicles	24,907,797	820,329			25,728,126
	<u>\$ 745,536,294</u>	<u>5,646,177</u>	<u>-</u>	<u>-</u>	<u>751,182,471</u>

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	Balance as of 12/31/16	Additions	Disposals	Adjustment	Balance as of 12/31/17
Land	\$ 622,642,683				622,642,683
Land Improvements	9,746,440	549,002			10,295,442
Buildings	65,094,809	332,664			65,427,473
Machinery and Equipment	27,970,413	665,086			28,635,499
Vehicles	25,728,126	290,076			26,018,202
	<u>\$ 751,182,471</u>	<u>1,836,828</u>	<u>-</u>	<u>-</u>	<u>753,019,299</u>

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district, or county.

Capitalization of Interest -- It is the policy of the City of Atlantic City to treat interest on projects as a current expense and the interest is included in the current operating budget.

Use of Estimates -- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the City's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

E. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the City's financial reporting.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations". This statement is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the City's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities". This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the City's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85, "Omnibus 2017". This statement is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the City's financial reporting.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86, "Certain Debt Extinguishment Issues". This statement is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the City's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases". This statement is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the City's financial reporting.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2017 and 2016 statutory budgets included a reserve for uncollected taxes in the amount of \$2,206,307 and \$6,032,615. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2017 and 2016 statutory budgets was \$0 and \$0.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1, these transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2017 and 2016 calendar years:

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

<u>Budget Category</u>	<u>2017</u>	<u>2016</u>
Police		
Salaries and Wages	(45,000)	
Other Expenses		(75,000)
Police Civilian Division		
Other Expenses		75,000
Emergency Services		
Salaries and Wages	(166,000)	
Fire		
Salaries and Wages	345,000	
Uniform Fire Safety Act		
Salaries and Wages	(140,000)	
Director of Public Works		
Salaries and Wages	(40,000)	
Other Expenses	200,000	
Electrical Bureau		
Salaries and Wages	(30,000)	
Parks		
Salaries and Wages	(40,000)	
Sanitation		
Salaries and Wages	(75,000)	
Other Expenses	160,000	
Asphalt Plant/Street Repairs		
Salaries and Wages	(50,000)	
Facilities		
Salaries and Wages	(20,000)	
Director of Health and Human Services		
Other Expenses	230,000	
Health Administration		
Salaries and Wages	(30,000)	
Social Services		
Salaries and Wages	(150,000)	
Other Expenses	(25,000)	
Recreational and Cultural Affair		
Salaries and Wages	(110,000)	
Clinical Services	(25,000)	
Electricity	(25,000)	
Interest to State for Deferred Payments		(200,531)
Public Employees Retirement System		163,617
Social Security System (O.A.S.I.)		(15,000)
Police and Firemen's Retirement System		36,916
Lifeguard Pension		15,000

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2017, the following budget insertions were approved:

Cops in Shops	\$ 8,960.00
NJ Body Armor	21,389.73
Municipal Alliance	30,059.00
CDBG Disaster Recovery - Inlet Seawall	46,441.38
AFG Fire Prevention and Safety	99,245.00
FEMA - Assistance to Firefighters	611,364
NJ BPU - Microgrid Feasibility Study	175,000
NJDOT - Ventnor Avenue	272,848
FBI AC Police Equipment	270,000

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years.

Note 3: INVESTMENTS

Interest Rate Risk. The municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the City may invest in any one issuer.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2017 and 2016, \$0 and \$0 of the municipality's bank balance of \$108,170,070.64 and \$70,642,559.31, respectively were exposed to custodial credit risk.

Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2017 and 2016 consisted of the following:

	Balance Beginning 12/31/2015	Additions	Reductions	Balance Ending 12/31/2016	Due in One Year
General	\$ 247,406,000.00		23,760,000.00	223,646,000.00	17,162,000.00
Comp Absences	24,192,450.77	12,660,600.79	12,900,830.37	23,952,221.19	
Total	<u>\$ 271,598,450.77</u>	<u>12,660,600.79</u>	<u>36,660,830.37</u>	<u>247,598,221.19</u>	<u>17,162,000.00</u>

	Balance Beginning 12/31/2016	Additions	Reductions	Balance Ending 12/31/2017	Due in One Year
General	\$ 223,646,000.00	138,125,000.00	17,162,000.00	344,609,000.00	17,545,000.00
Comp Absences	23,952,221.19			23,952,221.19	
Total	<u>\$ 247,598,221.19</u>	<u>138,125,000.00</u>	<u>17,162,000.00</u>	<u>368,561,221.19</u>	<u>17,545,000.00</u>

Paid by Current Fund:

\$26,500,000 General obligation bonds dated 2/15/08 with principal payments starting 2/15/09 and ending 2/15/18. \$3,000,000 of principal was paid on 2/15/16. Semiannual interest payments began 2/15/09 with annual rates of 2.25% to 5.5%. The balance remaining as of December 31, 2017 was \$3,000,000.

\$16,354,000 General Improvement bonds dated 2/1/11 with principal payments starting 2/1/12 and ending 2/1/22. \$1,600,000 of principal was paid on 2/1/16. Semiannual interest payments began 8/1/11 with annual rates of 3.0% to 5.00%. The balance remaining as of December 31, 2017 was \$7,999,000.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

\$15,710,000 General obligation refunding bonds dated 4/1/12 with principal payments starting 10/1/12 and ending 4/1/17. \$3,075,000.00 of principal was paid on 4/1/16. Semiannual interest payments began 4/1/13 with annual rates of 3.0% to 5.00%. The balance remaining as of December 31, 2017 was \$0. \$15,710,000 of the refunding bonds replaced \$16,150,000 of the series 2003 General obligation refunding bonds. The net present value savings exceeded \$606,000.

\$5,450,000 Pension refunding bonds dated 4/1/12 with principal payments starting 4/1/13 and ending 4/1/21. \$585,000.00 of principal was paid on 4/1/16. Semiannual interest payments began 4/1/13 with annual rates of 2.314% to 4.756%. The balance remaining as of December 31, 2017 was \$2,690,000. \$5,450,000 of the pension refunding bonds replaced \$5,325,035 of State of New Jersey PERS ERI Program debt. The net present value savings exceeded \$421,000.

\$93,000,000 Tax appeal refunding bonds dated 12/5/12 with principal payments starting 11/1/13 and ending 11/1/32. \$7,565,000.00 of principal was paid on 11/1/16. Semiannual interest payments began 5/1/13 with annual rates of 1.388% to 5.00%. The balance remaining as of December 31, 2017 was \$78,640,000. \$2,620,000 of this issue was taxable for federal and state income taxes based on the purpose of the bond ordinance and in the opinion of Bond Council.

\$48,976,000 Tax appeal refunding bonds dated 12/5/13 with principal payments starting 12/1/17 and ending 12/1/33. Semiannual interest payments began 6/1/14 with annual rates of 3.00% to 5.00%. The balance remaining as of December 31, 2017 was \$48,220,000.

\$13,901,000 General Obligation bonds dated 12/5/13 with principal payments starting 12/1/14 and ending 12/1/28. \$790,000.00 of principal was paid on 12/1/16. Semiannual interest payments began 6/1/14 with annual rates of 3.00% to 5.00%. The balance remaining as of December 31, 2017 was \$11,065,000.

\$7,710,000 General obligation refunding bonds dated 1/15/14 with principal payments starting 7/15/14 and ending 1/15/18. \$2,020,000.00 of principal was paid on 1/15/16. Semiannual interest payments began 7/15/14 with annual rates of 2.09%. The balance remaining as of December 31, 2017 was \$1,960,000. \$3,960,000 of the refunding bonds replaced \$7,480,000 of the series 2005 General obligation refunding bonds.

\$41,760,000 Tax appeal refunding bonds dated 5/21/15 with principal payments starting 3/1/20 and ending 3/1/40. Semiannual interest payments will begin in 2016 with annual rates of 7.00% to 7.50%. The balance remaining as of December 31, 2017 was \$41,760,000.

\$12,000,000 General obligation bonds dated 5/28/15 with principal payments starting 3/1/16 and ending 3/1/30. \$425,000.00 of principal was paid on 3/1/16. Semiannual interest payments will begin in 2016 with annual rates of 6.00%. The balance remaining as of December 31, 2017 was \$11,150,000.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

\$69,800,000 Tax appeal refunding bonds dated 5/24/2017 with principal payments starting 3/1/20 and ending 3/1/42. Semiannual interest payments will begin in 2017 with annual rates of 5.00%. The balance remaining as of December 31, 2017 was \$69,800,000.

\$68,325,000 Tax appeal refunding bonds dated 9/20/2017 with principal payments starting 9/1/18 and ending 3/1/42. Semiannual interest payments will begin in 2017 with annual rates of 5.00%. The balance remaining as of December 31, 2017 was \$68,325,000.

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Calendar Year	General Capital Principal	Total Interest	Total
2018	\$ 17,545,000.00	16,729,286.65	34,274,286.65
2019	18,890,000.00	16,408,705.38	35,298,705.38
2020	19,485,000.00	15,406,797.50	34,891,797.50
2021	18,910,000.00	14,415,646.60	33,325,646.60
2022	17,689,000.00	13,467,525.00	31,156,525.00
2023-2027	78,625,000.00	54,851,025.00	133,476,025.00
2028-2032	68,555,000.00	37,477,806.26	106,032,806.26
2033-2037	51,205,000.00	21,815,875.00	73,020,875.00
2038-2042	53,705,000.00	6,264,562.50	59,969,562.50
	\$ 344,609,000.00	196,837,229.89	541,446,229.89

As of December 31, 2017, the carrying value of the above bonds approximates the fair value of the bonds.

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CITY OF ATLANTIC CITY
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<u>Summary of Municipal Debt</u>	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Issued:</u>			
General:			
Bonds & Notes Issued	\$ 344,609,000.00	223,646,000.00	247,406,000.00
Notes/Loans		-	-
Less: Funds Temporarily Held to Pay			
Bonds and Notes		-	-
Net Debt Issued	<u>344,609,000.00</u>	<u>223,646,000.00</u>	<u>247,406,000.00</u>

<u>Authorized but not issued:</u>			
General:			
Bonds and notes	<u>14,292,951.43</u>	<u>480,000.00</u>	<u>480,000.00</u>
Bonds & Notes Authorized But Not Issued	<u>14,292,951.43</u>	<u>480,000.00</u>	<u>480,000.00</u>
Net Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 358,901,951.43</u>	<u>224,126,000.00</u>	<u>247,886,000.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 5.874%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 67,521,000.00	67,521,000.00	-
General Debt	371,151,739.61	26,062,739.61	345,089,000.00
	<u>\$ 438,672,739.61</u>	<u>93,583,739.61</u>	<u>345,089,000.00</u>

Net Debt \$345,089,000/ Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$5,874,672,204 = 5.874%

The foregoing information is in agreement with the Annual Debt Statement filed with the Division of Local Government Services.

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Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 205,613,527.14
Net Debt	345,089,000.00
Remaining Borrowing Power	<u>\$ (139,475,472.86)</u>

The City of Atlantic City School District, as a K-12 school district, is permitted to borrow up to 4% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amounts approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

Note 6: SHORT-TERM OBLIGATIONS

There were no short term obligations during the 2017 year. The City had no outstanding short term obligations as of December 31, 2017 and 2016.

Note 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2017 and 2016, which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2018 and 2017 were as follows:

	<u>2017</u>
Current Fund	\$0

The 2018 budget has not been adopted as of the date of the audit.

Note 8: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2017</u>	<u>2018 Budget Appropriation</u>	<u>Refunding Bonds to be Issued 2018</u>	<u>Balance to Succeeding</u>
Current fund:				
Deficit in Operations	\$ 7,384,442.24	1,230,740.00	-	6,153,702.24
Prior Outstanding Payables	44,843,282.00	-	44,843,282.00	-
	<u>\$ 52,227,724.24</u>	<u>1,230,740.00</u>	<u>44,843,282.00</u>	<u>6,153,702.24</u>

CITY OF ATLANTIC CITY
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The 2018 budget has not yet been adopted. The City is currently under the supervision of a State Monitor, and the amounts required to be appropriated for the Deficit due to Tax Appeals and the Prior Outstanding Payables will be determined by the State prior to the budget being adopted.

The appropriations in the 2018 Budget are not less than that required by statute and State agreement.

Note 9: SCHOOL TAXES

Local District School Tax in the amount of \$41,888,968 has been raised for the 2017 calendar year and \$47,783,231.58 remitted to the school district leaving a \$3,347,231.58 balance payable. Since the school district operates on a July 1 to June 30 fiscal year the school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service.

Note 10: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance 12/31/17	Balance 12/31/16
Prepaid Taxes	\$ 2,634,154.11	840,825.85
Cash Liability for Taxes Collected in Advance	\$ 2,634,154.11	840,825.85

Note 11: PENSION FUNDS

Description of Plans

Substantially all of the City's employees are covered by the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS), a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and Police and Fireman's Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

CITY OF ATLANTIC CITY
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Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Police and Fireman's Retirement System

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA43:15C-1 et seq). The DCRP is a cost sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 7.20% through June 30, 2017 and 7.34% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The current PERS rate is 7.27% of covered payroll and for PFRS a rate of 10.0% of covered payroll. The City's contributions to PERS for the years ending December 31, 2017, 2016 and 2015 were \$3,630,016.37, \$4,363,864.74 and \$0.00 respectively, equal to the required contributions for each year. The City's contributions to PFRS for the years ending December 31, 2017, 2016 and 2015 were \$14,264,282.96, \$15,605,749.52 and \$0.00 respectively, equal to the required contributions for each year. The City received permission from the State Division of Local Government Services to defer the 2015 payments due for the pensions. The amounts have been accrued as payables on the balance sheet as of December 31, 2017 in the amount of \$23,618,699. For the year 2009 the City elected to defer 50% of the PERS and PFRS payments. The City started to budget the deferred amount in 2012 for 5 years, in addition to 8.5% interest.

CITY OF ATLANTIC CITY
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Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}^{\text{th}}$ from $\frac{1}{55}^{\text{th}}$, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation

CITY OF ATLANTIC CITY
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for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a $1/7^{\text{th}}$ of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

Note 12: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2017:

Public Employees' Retirement System

The Municipality has a liability of \$73,804,558 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Municipality's proportion would be .31705165760%, which would be a decrease of 18.44% from its proportion measured as of June 30, 2016.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
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For the year ended December 31, 2017, the Municipality would have recognized pension expense of \$241,305. At December 31, 2017, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 1,737,843	
Changes of assumptions	14,869,075	14814562
Changes in proportion	1,670,651	23,098,312
Net difference between projected and actual earnings on pension plan investments	502,559	
Total	<u>\$ 18,780,128</u>	<u>37,912,874</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2018	\$ (15,221,512)
2019	(22,114,589)
2020	(13,135,977)
2021	17,562,046
2022	13,777,286
Total	<u>\$ (19,132,746)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

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Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
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Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 5.00%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.00%) or 1-percentage point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Municipality's proportionate share of the net pension liability	\$ 88,547,653	73,804,558	\$ 61,537,645

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Police and Firemen's Retirement System

The Municipality has a liability of \$245,885,211 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Municipality's proportion would be 1.59272022770%, which would be a decrease of 3.14% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Municipality would have recognized pension expense of \$15,832,100. At December 31, 2017, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

CITY OF ATLANTIC CITY
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 1,595,158	1,443,142
Changes of assumptions	30,320,386	40,268,808
Changes in proportion	1,620,442	25,007,575
Net difference between projected and actual earnings on pension plan investments	4,692,067	
Total	<u>\$ 38,228,053</u>	<u>66,719,525</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2018	\$ 15,043,152
2019	38,992,722
2020	(1,233,768)
2021	(55,893,585)
2022	(25,399,993)
Total	<u>\$ (28,491,472)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.00%

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Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

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CITY OF ATLANTIC CITY
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CITY OF ATLANTIC CITY
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Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
District's proportionate share of the net pension liability	\$ 317,252,969	245,885,211	187,265,996

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2017 State special funding situation net pension liability amount of \$1,729,193,507.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2017 State special funding situation pension expense of \$211,519,420.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2017. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 1.59272022770% for 2017. The net pension liability amount allocated to the Municipality was \$27,541,215. For the fiscal year ending June 30, 2017 State special funding situation pension expense of \$3,368,912 is allocated to the Municipality.

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PFRS financial report.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 13: PENSION PLAN FOR LIFEGUARDS

The City of Atlantic City has established a pension plan to provide retirement, disability and survivor pension benefits for the individuals who serve on the City's lifeguard force. An eligible employee becomes a plan member upon employment. Employee contributions shall be withheld from the member's salary at the rate of 4.0% and contributed to the plan for his benefit. Retiree benefits are paid out of the current fund and charged to the current operating budget of the City. A plan member may retire with a pension only after his 45th birthday and after he has completed 20 years of service, the last 10 must have been completed immediately preceding his application.

Employee contributions to the pension fund were \$70,126.10 and \$64,434.40 and benefits paid to retirees was \$1,135,757.6 and \$1,163,029.63 for the years ended December 31, 2017 and 2016, respectively. The City has not established a separate trust fund for the accumulation of contributions and the payment of retiree benefits.

Note 14: POST-RETIREMENT BENEFITS

The City contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2009, the City authorized participation in the State Health Benefit Program through resolution 307-2009.

Members of the Public Employees' Retirement System would generally qualify for coverage under the following criteria:

Service Retirement	Eligible at age 60
Early Retirement	Eligible after 25 years of service
Service or Early Retirement Eligibility for State-paid SHBP Benefits	Attainment of 25 years of service
Ordinary Disability Retirement	Eligible after 10 years of service
Accidental Disability	Eligible upon total and permanent disability prior to age 65 as a result of a duty injury

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

The New Jersey State Health Benefits Plan issues a stand-alone financial report under GASB 43. To view the report, go to <http://www.state.nj.us/treasury/pensions/shbp.htm>.

The City is a member of the SHBP. During 2017, \$30,263,636.56 was paid by the City for health care, of which \$12,236,916.52 was paid for retirees and additional \$4,138,185.28 was withheld and paid by employees. The amount paid during 2015 was \$31,656,479.77, of which \$11,170,495.74 was paid for retirees. The City has deferred health benefit payments from 2015 with permission from the State Division of Local Government Services. The City has accrued \$21,224,582.67 in Health Benefits Payable as of December 31, 2017.

Note 15: DEFERRED COMPENSATION

Employees of the City of Atlantic City may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service For State and Local Governments).

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the City has an obligation of due care in selecting the third party administrator. In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 16: LABOR CONTRACTS

As of December 31, 2017, the City's employees are organized in the following collective bargaining units. Contracts are continually being negotiated the following table shows their current status.

Contract	Category	Expiration	Covers
ACWCPA	White Collar	12/31/14	All employees except police, fire, craft and blue collar workers. Supervisors are also excluded.
PBA	Police	12/31/15	All uniformed police, detectives, and other special police units, excluding the chief, deputy chief, inspectors, captains, and all other employees of the City.
IAFF	Firefighters	12/31/14	All uniformed firefighters
IBEW #351	Construction Code Inspectors	12/31/14	All Construction Office inspectors.
GWU # 910	Supervisors	12/31/14	All supervisors
AFL-CIO #2303	Blue Collar	12/31/14	Blue collar workers
AFL-CIO # 2303C	Beach Patrol	12/31/12	All lifeguards, lieutenants and captains, but excludes chief, assistant chief, area chief, beach surgeon, medical assistant.
SOA	Superior Officers'	12/31/15	Police captains, excluding chief, deputy chief, inspectors, and all other employees of the City.

Note 17: ACCRUED SICK AND VACATION BENEFITS

The City has permitted full time employees to accrue unused sick and vacation time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2017 and 2016, the City estimates this liability to approximate \$15,743,157.76 and \$23,952,221.19, respectively. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The City has established a reserve that as of December 31, 2017 and 2016 was \$7,794,566.10 and \$4,468,651.50, respectively.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 18: ECONOMIC DEPENDENCY

The City of Atlantic City is economically dependent on one industry as a major source of revenue for the City. The City receives approximately 33% of their revenue from the Casino industry.

Note 19: COMMITMENTS AND CONTINGENCIES

During the normal course of operations, lawsuits are frequently brought against the governmental unit. There are presently numerous suits pending against the City.

The City has not prepared an Incurred But Not Reported ("IBNR") report for the General Liability or Workers Compensation self funded insurance. The General Liability loss reserve calculated by the insurance consultant is approximately \$11,538,000. This Reserve is underfunded without including an IBNR calculation, by over \$7,460,000. Based on verification by the City's Insurance Broker and Solicitor the loss reserves include an adequate basis for estimating potential liabilities to the City at December 31, 2017. Also, estimates of payments to be made in 2017 were included in the City's 2017 budget. Additionally, the City has purchased an excess loss policy for any losses over \$500,000.

The Worker Compensation report, prepared by the City's other consultant, indicated current claims of over \$12,730,000. This Reserve is underfunded without including an IBNR calculation, by over \$6,900,000. Based on verification by the City's Insurance Broker and Solicitor the loss reserves include an adequate basis for estimating potential liabilities to the City at December 31, 2017. Also, estimates of payments to be made in 2018 will be included in the City's 2018 budget.

Note 20: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The City is self insured for property, liability some employee health plans and workers compensation. The City has commercial coverage for surety bonds and employee health insurance.

The self insurance has an excess policy for covered claims over \$500,000.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

The following is the activity for the years ended December 31,

	2017		2016	
	General Liability	Worker Compensation	General Liability	Worker Compensation
Beginning of Year:				
Unencumbered Reserve	\$ 2,963,393.37	4,911,690.42	4,055,130.08	3,757,028.84
Other	26,538.59	301,727.81	81,831.77	326,852.43
Funded by Budget Appropriation	4,942,518.00	4,780,450.00	4,295,000.00	5,336,000.00
	<u>7,932,449.96</u>	<u>9,993,868.23</u>	<u>8,431,961.85</u>	<u>9,419,881.27</u>
Paid	3,855,013.78	4,176,289.46	5,468,568.48	4,508,190.85
End of Year	<u>4,077,436.18</u>	<u>5,817,578.77</u>	<u>2,963,393.37</u>	<u>4,911,690.42</u>
Analysis of Balance				
Unencumbered Reserve	4,077,436.18	5,817,578.77	2,963,393.37	4,911,690.42
Encumbrances/Payables	<u>\$ 4,077,436.18</u>	<u>5,817,578.77</u>	<u>2,963,393.37</u>	<u>4,911,690.42</u>

Note 21: INTERFUND BALANCES

As of December 31, 2017, the following interfunds were included on the balance sheets of the various funds of the City of Atlantic City:

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CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Due From</u>	<u>Due to</u>
Current Fund:		
CDBG Trust	\$ 168,643.93	
Grant Fund	3,245,066.09	
Trust Fund - Dog Fund	468.00	
Trust Funds - Other		12,634,459.00
Grant Fund:		
Current Fund		3,245,066.09
Trust Funds – Other	756.09	
Trust Fund:		
Current -		
Dog Fund		468.00
Other Trusts	12,634,459.00	
CDBG		168,643.93
Grant Fund		756.09
	<u>\$ 16,049,393.11</u>	<u>16,049,393.11</u>

The Grant Fund only maintains a bank account for specific grants. All other grant activity is transacted through Current Fund bank accounts. A number of the Trust Funds do not maintain bank accounts. Their activity is transacted through the Current Fund bank accounts. The CDBG interfund is due to a timing issue based on the drawdown of Federal funds.

Note 22: SUBSEQUENT EVENTS

The management of the City has been placed under the Local Finance Board (the “Board”) by the State of New Jersey under the authority of the Municipal Stabilization and Recovery Act (the “Act”.) Under the Act, the Board has the authority to, among other powers, renegotiate and/or break union contracts. As of the date of the audit report, the police and fire unions have filed lawsuits to block the contract changes proposed.

In April 2018, the City issued Deferred Contribution Refunding Bonds in the amount of \$49,165,000. The proceeds of these bonds were utilized to pay the deferred charges relating to prior years’ pension and health benefits, the payment of which was deferred with approval from the State.

The City has evaluated events through May 25, 2018, the date which the financial statements were available to be issued and no additional items, except as noted above, were noted for disclosure.

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SUPPLEMENTARY DATA

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Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Atlantic City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 25, 2018, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Responses to Findings

The City of Atlantic City's response to the findings identified in our audit are described in the accompanying *schedule of findings and questioned costs*. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

May 25, 2018



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Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Atlantic City, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the City of Atlantic City's compliance with the types of compliance requirements described in the *Uniform Guidance Compliance Supplement* and the New Jersey OMB *State Grant Compliance Supplement* that could have a direct and material effect on each of the City of Atlantic City's major federal and state programs for the year ended December 31, 2017. The City of Atlantic City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Atlantic City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB 15-08. Those standards, the Uniform Guidance and NJ OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about City of Atlantic City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City of Atlantic City's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Atlantic City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of City of Atlantic City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Atlantic City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Atlantic City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
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CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
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Registered Municipal Accountant
No. 393

May 25, 2018

SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 1

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal FAIN Number	State Project Number	Grant Period		Program or Award Amount	Receipts or Revenue Recognized	Budgetary Expenditures				(MEMO) Passed Through to Sub-Recipients
								Pass Through	Source	Direct	Total	
FEDERAL:												
Department of Housing and Urban Development												
Community Development Block Grant	14.218	B17MC340001		1/1/17	12/31/17	1,084,202.00	1,084,202.00					
Community Development Block Grant	14.218	B16MC340001		1/1/16	12/31/16	1,077,662.00				565,502.89	565,502.89	
Community Development Block Grant	14.218	B15MC340001		1/1/15	12/31/15	1,074,143.00				591,594.86	591,594.86	
							1,084,202.00			1,157,097.75	1,157,097.75	
HOME Investment Partnership Program	14.239	M17-MC340200		1/1/17	12/31/17	316,930.00	316,930.00					
HOME Investment Partnership Program	14.239	M16-MC340200		1/1/16	12/31/16	312,970.00						
HOME Investment Partnership Program	14.239	M15-MC340200		1/1/15	12/31/15	305,462.00				196,940.93	196,940.93	
HOME Investment Partnership Program	14.239	M14-MC340200		1/1/14	12/31/14	301,954.00				108,946.20	108,946.20	
							316,930.00			305,887.13	305,887.13	
CDBG Post Sandy Planning Grant	14.269	B13DS340001		1/1/14	12/31/14	345,000.00		15,330.70			15,330.70	
CDBG Disaster Recovery - Inlet Seawall	14.218	B12DT340001		1/1/13	12/31/13	704,579.38	46,441.38	505,421.55			505,421.55	
CDBG Main Street AC Streetscape	14.XXX			1/1/15	12/31/15	588,095.00						
							1,447,573.38	520,752.25		1,462,984.88	1,983,737.13	
Total Department of Housing and Urban Development												
Passed through NJ Department of Education												
Summer Food Program	10.555	14141NU304N1099		1/1/14	12/31/14	87,003.00						
Total Department of Agriculture												
Department of Transportation												
COPS in Shops	20.616			1/1/17	12/31/17	8,690.00	8,690.00					
COPS in Shops	20.616			1/1/16	12/31/16	5,000.00						
							8,690.00					
Total Department of Transportation												
Department of Justice												
Bullet Proof Vest Partnership	16.607			1/1/15	12/31/15	69,209.00						
Bullet Proof Vest Partnership	16.607			1/1/14	12/31/14	31,832.00						
Bullet Proof Vest Partnership	16.607			1/1/13	12/31/13	44,903.00						
							69,209.00	51,822.93			51,822.93	
FBI - Police Equipment				1/1/17	12/31/17	270,000.00	270,000.00				270,000.00	
Ed Byrne Memorial Justice Assistance	16.738	2017DBJX449		1/1/17	12/31/17	94,676.00	94,676.00					
Ed Byrne Memorial Justice Assistance	16.738	2014DBJX449		1/1/15	12/31/15	93,893.00		10,591.00			10,591.00	
Ed Byrne Memorial Justice Assistance	16.738	2013DBJX449		1/1/14	12/31/14	109,723.00		61,678.20			61,678.20	
							94,676.00	1,875.00			1,875.00	
								74,144.20			74,144.20	
							433,885.00	395,967.13			395,967.13	
Total Department of Justice												
Department of Homeland Security												
SAFER	97.083	EMM2014FH00931		1/1/15	12/31/16	21,517,020.00						
Assistance to Firefighters	97.036	4086DRNJ00000001		1/1/17	12/31/17	672,500.00	672,500.00				8,693,293.64	
Assistance to Firefighters	97.036	4086DRNJ00000001		1/1/14	12/31/14	543,400.00		196,255.32			196,255.32	
FEMA AFG Fire Prevention Study	97.036	4086DRNJ00000001		1/1/16	12/31/16	185,651.00						
Hazard Mitigation - Fisherman's Park	97.039	4086DRNJ00000001		1/1/17	12/31/17	99,245.00	99,245.00					
FEMA Flood Hazard Mitigation	97.039	1897DRNJ00000005		1/1/13	12/31/13	3,225,000.00						
				1/1/15	12/31/15	773,177.00						
							771,745.00	11,831,089.96			11,831,089.96	
Total Department of Homeland Security												
Total Federal Assistance							\$ 2,661,893.38	12,747,809.34		1,462,984.88	14,210,794.22	

See Accompanying Notes to Schedule of Federal Awards

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Schedule 2

State Grantor Department Program Title / Name	Grant Award Number	Grant Period From To	Program or Award Amount	Receipts or Revenue Recognized	Grant Disbursements/ Expenditures	Cumulative Expenditures
STATE OF NEW JERSEY						
NJ Department of Environmental Protection						
Clean Communities	4900-765-042-4900-004	1/1/2017	83,649.00	\$ 83,649.00		-
Clean Communities	4900-765-042-4900-004	1/1/2016	98,461.24		56,939.99	56,939.99
Clean Communities	4900-765-042-4900-004	1/1/2015	86,134.64		4,764.75	28,301.84
Clean Communities	4900-765-042-4900-004	1/1/2014	70,858.00			67,786.99
Clean Communities	4900-765-042-4900-004	1/1/2013	75,525.00		10,647.51	65,393.86
Clean Communities	4900-765-042-4900-004	1/1/2012	64,412.00			64,402.00
Recycling Tonnage	4900-752-042-4900-001	1/1/2017	80,990.86	80,990.86	48,114.20	48,114.20
Recycling Tonnage	4900-752-042-4900-001	1/1/2014	109,805.70		37,377.63	109,022.89
Recycling Tonnage	4900-752-042-4900-001	1/1/2013	73,975.00		2,216.50	73,975.00
Recycling Tonnage	4900-752-042-4900-001	1/1/2009	118,784.00		1,056.72	118,784.00
Green Acres - Altman Playground		1/1/2016	378,271.25		-	-
Harold Brown Memorial Park		1/1/2016	666,296.00		666,296.00	666,296.00
National Fish and Wildlife		1/1/2015	187,500.00		142,797.50	162,840.00
Hazardous Site Remediation - Riverside Business Park		1/1/2016	50,000.00		47,985.00	50,000.00
Hazardous Site Remediation - Motor Vehicle Inspection		1/1/2017	32,032.00	32,032.00	32,032.00	32,032.00
Brownfield Cleanup Riverside Park	BF-97250207-0	1/1/2013	200,000.00		5,253.44	187,085.00
Brownfield - Bungalow Park Site Cleanup	BF-97250207-0	1/1/2016	163,658.00		163,658.00	163,658.00
Brownfield Cleanup - AC Delta Basin	BF-97250207-0	1/1/2016	200,000.00		24,000.00	24,000.00
Brownfield - Hazardous Contamination	BF-97250207-0	1/1/2016	200,000.00		100,000.00	100,000.00
Brownfields- Petroleum Contamination	BF-97250207-0	1/1/2016	200,000.00		100,000.00	100,000.00
NJ Department of Health						
HIV Testing & Counseling	4245-100-046-4866	1/1/2015	300,850.00			207,558.19
NJ Division of Law and Public Safety						
Body Armor - 2017	1020-718-066-1020	1/1/2017	21,389.73	21,389.73	-	-
Body Armor - 2016	1020-718-066-1020	1/1/2016	23,035.81		22,223.00	22,223.00
Body Armor - 2015	1020-718-066-1020	1/1/2015	41,166.00		23,232.42	39,398.41
Body Armor - 2014	1020-718-066-1020	1/1/2014	28,926.00		14,087.36	28,926.00
Body Armor - 2013	1020-718-066-1020	1/1/2013	46,166.00		467.00	46,165.99
Body Worn Camera		1/1/2016	30,000.00		-	-
Alcohol Education and Rehab		1/1/2016	2,849.83			210.00
Alcohol Education and Rehab		1/1/2013	8,829.01			2,714.28

See Accompanying Notes to Schedule of Federal Awards

NJ Department of Transportation									
NJ Transportation Trust Fund	6320-480-601385-61	1/1/2016	Open	196,000.00		24,878.00	171,122.00		
NJ Transportation Trust Fund	6320-480-601385-61	1/1/2015	Open	200,000.00			186,260.25		
NJ Transportation Trust Fund	6320-480-601385-61	1/1/2014	Open	1,026,057.00		20,148.12	1,004,699.00		
NJ Transportation Trust Fund	6320-480-601385-61	1/1/2013	Open	187,000.00		146,975.53	187,000.00		
NJ DOT Ventnor Ave. 2017	6320-480-601385-61	1/1/2017	Open	272,848.00	272,848.00		-		
NJ DOT Bikeway Connection	6320-480-601385-61	1/1/2017	Open	558,000.00	558,000.00		-		
NJ DOT Bikeway Improvement	6320-480-601385-61	1/1/2017	Open	300,000.00	300,000.00		-		
NJ DOT Inlet Bike Loop	6320-480-601385-61	1/1/2017	Open	296,000.00	296,000.00	266,425.00	29,575.00		
Disaster Relief Opportunity Act	6320-480-601385-61	1/1/2013	Open	1,130,000.00		304,457.37	999,125.37		
Traffic Light Synchronization		1/1/2014	Open	963,947.00		72,124.31	963,947.00		
NJBPU									
Microgrid Feasibility Study		1/1/2017	Open	175,000.00	175,000.00	175,000.00	175,000.00		
LED Upgrade Lighting Program		1/1/2016	Open	2,000,000.00		849,250.16	849,250.16		
NJ Department of Community Affairs									
Boardwalk Reconstruction		1/1/2015	Open	5,032,288.00		2,924,289.80	4,957,385.50		
New Jersey Historic Trust		1/1/2015	Open	532,000.00			151.88		
Atlantic Pump Gate Station		1/1/2015	Open	6,500,000.00		324,500.00	324,500.00		
Sustainable Jersey		1/1/2015	Open	20,000.00		1,700.00	19,902.53		
Total State Assistance				\$	1,819,909.59		6,612,897.31		

See Accompanying Notes to Schedule of Federal Awards

**Notes to Schedule of Expenditures of Federal and State Awards
December 31, 2017**

Note 1: BASIS OF PRESENTATION

The accompanying schedule of federal and state awards includes the federal and state grant activity of the City of Atlantic City, State of New Jersey and is presented on the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining single audit threshold on major programs.

Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule do not agree with amounts reported in the City's financial statements. Receipts from Federal and State grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Following is a reconciliation of expenditures:

Expenditures per Schedule of Federal and State Awards	\$ 20,823,691.53
Less: Community Development Block Grant	(1,462,984.88)
Plus: Local Grants and Local Match	3,097,786.25
Expenditures reported on Schedule A-12	<u>\$ 22,458,492.90</u>

**CITY OF ATLANTIC CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

Part I – Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Adverse under GAAP/Unmodified under Regulatory
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? yes X no
- 2) Significant Deficiencies identified that are not considered to be material weaknesses? yes X no
- C) Noncompliance material to general-purpose financial statements noted? yes X no

Federal Awards Section

- D) Dollar threshold used to determine type A programs: \$ 750,000
- E) Auditee qualified as low-risk auditee? X yes no
- F) Type of auditor's report on compliance for major programs Unmodified
- G) Internal control over major programs:
- 1) Material weakness(es) identified? yes X no
- 2) Significant Deficiencies identified that are not considered to be material weaknesses? yes X no
- H) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? yes X no
- I) Identification of major programs:

CFDA Number(s)

14.218
97.083

Name of Federal Program or Cluster

Community Development Block Grant
SAFER

**CITY OF ATLANTIC CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

Part I – Summary of Auditor's Results

State Awards Section

- J) Dollar threshold used to determine Type A programs: \$750,000
- K) Auditee qualified as low-risk auditee? X yes no
- L) Type of auditor's report issued on compliance
for major programs: Unmodified
- M) Internal Control over major programs:
- 1) Material weakness(es) identified? yes X no
- 2) Significant Deficiencies identified that are
 not considered to be material weaknesses? yes X no
- N) Any audit findings disclosed that are required to be
reported in accordance with NJOMB Circular
Letter 15-08? yes X no
- O) Identification of major programs:

GMIS Number(s)

8020-100-022-XXXX

Name of State Program

NJ BPU – LED Lighting

Part 2 -- Schedule of Financial Statement Findings

NONE

Part 3 -- Schedule of Federal Award Findings and Questioned Costs

NONE

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2016	\$ 42,342,849.18	48,947.02
Increased by Receipts:		
Tax Collector	106,909,385.70	
Revenue Accounts Receivable	163,215,475.10	
Miscellaneous Revenue	1,708,016.20	
Due to CDBG	1,400,000.00	
Due from Dog Trust	388.80	
Due from Trust Other	1,105,543.10	
Homestead Rebate	316,567.78	
State of New Jersey		
Senior Citizens and Veterans	119,146.50	
DCA Training Fees	178,043.00	
Marriage Licenses	6,824.00	
Reserve for Sale of Municipal Assets	5,666,072.00	
State Receivable	4,390,712.00	
County Receivable	14,403.27	
Reserve for FEMA	5,560,326.50	
Reserve for Tax Appeals	14,510,000.00	
Federal and State Unappropriated	203,346.57	8.41
Federal and State Receivables	17,889,713.25	76,084.00
	<u>323,193,963.77</u>	<u>76,092.41</u>
	365,536,812.95	125,039.43
Decreased by Disbursements:		
Current Year Appropriation	173,365,001.68	
Prior Year Appropriations	4,334,482.33	
County Taxes	7,471,365.65	
County Taxes - Casino Pilot	12,480,000.00	
Local District School Taxes	47,783,231.58	
School Taxes - Casino Pilot	19,161,769.03	
Refunds	325,288.17	
Due from CDBG	1,462,984.88	
Reserve for Payroll Account	343,677.45	
Accounts Payable	290,015.06	
State of New Jersey		
DCA Training Fees	117,238.00	
Marriage Licenses	7,601.00	
Due to the Library	17,149.00	
Due from Dog Trust	309.60	
Due to ACMUA	62,408.97	
Refund of Tax Overpayments	1,070,514.76	
Federal and State Disbursements	18,331,050.46	
	<u>286,624,087.62</u>	<u>-</u>
Balance December 31, 2017	\$ <u><u>78,912,725.33</u></u>	<u><u>125,039.43</u></u>

**CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2016		\$	-
Increased by Receipts:			
Prepaid Taxes	2,634,154.11		
Taxes Receivable	102,347,430.85		
Revenue Accounts Receivable	1,927,800.74		
			<u>106,909,385.70</u>
			106,909,385.70
			<u>106,909,385.70</u>
Payments to Treasurer			
		\$	<u><u>-</u></u>

**CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2016	Current Year Levy	Added Taxes	Collections by Cash 2016	2017	Overpayments	Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2017
2012 \$	1,162.80									1,162.80
2013	24,563.04				627.25		2,464.21			21,471.58
2014	90,870.71				17,238.11		8,102.16			65,530.44
2015	178,140.70				50,619.08		10,787.32			116,734.30
2016	8,422,069.29				7,012,825.50		851,431.62	282,123.11		275,689.06
	8,716,806.54	-	-	-	7,081,309.94	-	872,785.31	282,123.11	-	480,588.18
2017		106,277,844.19	1,400,935.36	840,825.85	95,701,835.19	-	7,415,557.77	2,978,143.26		742,417.48
\$	8,716,806.54	106,277,844.19	1,400,935.36	840,825.85	102,783,145.13	-	8,288,343.08	3,260,266.37	-	1,223,005.66

Cash Receipts
Senior Citizens and Veterans
Homestead Rebate

Analysis of Current Year Tax Levy

Tax Yield:

General Property Tax
Added Taxes (54:4-63.1 et. Seq.)

106,277,844.19
1,400,935.36

107,678,779.55

Tax Levy:

General County Taxes
County Open Space Taxes
County Added and Omitted Taxes
Total County Taxes

7,467,486.42
1,655.18
111,715.64

7,580,857.24

Local School District Tax

41,888,968.00

Local Tax for Municipal Purposes
Add: Additional Tax Levied

56,906,370.00
1,302,584.31

58,208,954.31

107,678,779.55

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2016		\$	10,907,384.86
Increased by:			
Transfers from Taxes Receivable	3,260,266.37		
Added Liens	238,278.92		
Interest and Costs Accrued by Sale December 20, 2017	76,202.98		
			<u>3,574,748.27</u>
			14,482,133.13
Decreased by:			
Collections	748,278.13		
Transfer to Foreclosed Property	3,904,470.28		
Other	87,585.16		
			<u>4,740,333.57</u>
Balance December 31, 2017		\$	<u><u>9,741,799.56</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2016	Accrued in 2017	Collected by		Balance Dec. 31, 2017
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages		202,671.20		202,671.20	-
Other		936,355.97		936,355.97	-
Fees an Permits		1,573,759.58		1,573,759.58	-
Fines and Costs:					
Municipal Court	93,474.56	1,388,333.22		1,372,212.27	109,595.51
Interest and Costs on Taxes		1,861,965.41	1,861,965.41		-
Interest Earned on Investments		153,757.49		153,757.49	-
Parking Meters		814,130.13		814,130.13	-
Boardwalk Tram Fees		238,415.42		238,415.42	-
Payments in Lieu of Taxes		2,498,944.34		2,498,944.34	-
Refunds and Reimbursements		4,783,461.58		4,783,461.58	-
Rent and Sale of Property		534,934.80		534,934.80	-
Towing Fees		300,473.75		300,473.75	-
Uniform Fire Safety Act		248,990.31		248,990.31	-
Atlantic City Municipal Utilities Authority		683,542.00		683,542.00	-
Consolidated Municipal Property Tax Relief Act		34,817,743.98		34,817,743.98	-
Energy Receipts Tax		6,442,970.00		6,442,970.00	-
Transitional Aid		13,000,000.00		13,000,000.00	-
ACA Funds		15,000,000.00		15,000,000.00	-
IAT Funds		13,787,946.43		13,787,946.43	-
Reserve for FEMA		45,037.50		45,037.50	-
Uniform Construction Code Fees		2,354,913.55		2,354,913.55	-
Casino PILOT		62,913,347.27		62,913,347.27	-
Interlocal Agreement - Pleasantville BOE		-			-
CRDA - Tourism District Class 2's Officers		605,342.09		605,342.09	-
Miscellaneous Revenue Not Anticipated		1,773,851.53	65,835.33	1,708,016.20	-
	<u>\$ 93,474.56</u>	<u>166,960,887.55</u>	<u>1,927,800.74</u>	<u>165,016,965.86</u>	<u>109,595.51</u>
			Cash	164,923,491.30	
			Receivable	93,474.56	
				<u>165,016,965.86</u>	

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
DEPARTMENT OF ADMINISTRATION					
Mayor's Office					
Salaries and Wages	\$ 7,987.95	7,987.95	-	7,987.95	-
Other Expenses	24,811.04	24,811.04	4,799.00	20,012.04	-
Business Administrator's Office					
Salaries and Wages	1,535.15	1,535.15	-	1,535.15	-
Other Expenses	356,391.28	356,391.28	106,032.04	250,359.24	-
Solicitor's Office					
Salaries and Wages	23,809.78	23,809.78	(3,425.70)	27,235.48	-
Other Expenses	1,126,798.56	1,126,798.56	339,701.06	787,097.50	-
Administrative Services - Mail Room					
Salaries and Wages	83.88	83.88	-	83.88	-
Other Expenses	26,744.71	26,744.71	4,054.38	22,690.33	-
Municipal Court					
Salaries and Wages	44,608.29	44,608.29	2,982.00	41,626.29	-
Other Expenses	63,792.05	63,792.05	14,209.17	49,582.88	-
Prosecutor's Office					
Salaries and Wages	27,674.24	27,674.24	-	27,674.24	-
Other Expenses	28,180.88	28,180.88	2,008.36	26,172.52	-
Insurance					
Liability	533,030.68	533,030.68	15,893.00	517,137.68	-
Workers Compensation	125,344.70	125,344.70	-	125,344.70	-
Employee Group	1,083,520.23	1,083,520.23	540,115.73	543,404.50	-
Health Waiver - Employee Opt Out	10,453.84	10,453.84	-	10,453.84	-
Public Defender					
Salaries and Wages	47,341.87	47,341.87	-	47,341.87	-
Other Expenses	34,098.18	34,098.18	7,695.80	26,402.38	-
Miscellaneous					
Social Services Agencies	14,500.00	14,500.00	4,880.44	9,619.56	-
Assessor					
Salaries and Wages	1,874.38	1,874.38	-	1,874.38	-
Other Expenses	329,435.52	329,435.52	286,999.56	42,435.96	-
Data Processing/Management Information (MIS)					
Salaries and Wages	20,061.12	20,061.12	1,602.56	18,458.56	-
Other Expenses	191,839.45	191,839.45	75,432.46	116,406.99	-

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
DEPARTMENT OF HUMAN RESOURCES					
Director's Office	46,899.17	46,899.17	12,696.00	34,203.17	-
Other Expenses					
Personnel Division					
Salaries and Wages	70,257.39	70,257.39	-	70,257.39	-
Health Division					
Salaries and Wages	26,673.70	26,673.70	-	26,673.70	-
DEPARTMENT OF PLANNING AND DEVELOPMENT					
Director's Office	10,725.87	10,725.87	-	10,725.87	-
Salaries and Wages	36,427.29	36,427.29	8,675.00	27,752.29	-
Other Expenses					
Planning Division					
Salaries and Wages	7,404.42	7,404.42	-	7,404.42	-
Other Expenses	84,997.46	84,997.46	1,523.04	83,474.42	-
Zoning Board					
Other Expenses	9,000.00	9,000.00	-	9,000.00	-
City Engineer					
Salaries and Wages	627.79	627.79	-	627.79	-
Other Expenses	187,989.13	187,989.13	66,062.45	121,926.68	-
Economic Development - CDBG					
Salaries and Wages	13,709.41	13,709.41	-	13,709.41	-
DEPARTMENT OF REVENUE AND FINANCE					
Director's Office	582.97	582.97	-	582.97	-
Salaries and Wages	37,373.49	37,373.49	21,904.00	15,469.49	-
Other Expenses					
Comptroller's Office					
Salaries and Wages	31,880.85	31,880.85	-	31,880.85	-
Other Expenses	71,396.70	71,396.70	2,171.40	69,225.30	-
Tax Collector's Office					
Salaries and Wages	92,426.46	92,426.46	-	92,426.46	-
Other Expenses	17,071.13	17,071.13	7,428.61	9,642.52	-
Audit Service					
Other Expenses	50,000.00	50,000.00	-	50,000.00	-
Purchasing					
Salaries and Wages	716.86	716.86	-	716.86	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
Other Expenses	16,158.72	16,158.72	1,197.08	14,961.64	-
Finance Division					
Salaries and Wages	29,565.00	29,565.00	-	29,565.00	-
Other Expenses	2,863.50	2,863.50	199.16	2,664.34	-
DEPARTMENT OF PUBLIC SAFETY					
Director's Office					
Other Expenses	550,000.00	550,000.00	-	550,000.00	-
Police					
Salaries and Wages	1,512,948.94	1,512,948.94	-	1,512,948.94	-
Other Expenses	819,471.59	819,471.59	241,370.69	578,100.90	-
Police Civilian Division					
Salaries and Wages	302,535.45	302,535.45	-	302,535.45	-
Other Expenses	163,825.49	163,825.49	121,148.95	42,676.54	-
Emergency Services					
Salaries and Wages	294,172.62	294,172.62	-	294,172.62	-
Other Expenses	116,521.66	116,521.66	73,466.01	43,055.65	-
Fire					
Salaries and Wages	334,310.95	334,310.95	-	334,310.95	-
Other Expenses	105,612.65	105,612.65	27,776.68	77,835.97	-
Fire Civilian					
Salaries and Wages	1.72	1.72	-	1.72	-
Uniform Fire Safety Act					
Salaries and Wages	104,216.11	104,216.11	-	104,216.11	-
Other Expenses	2,208.00	2,208.00	166.07	2,041.93	-
DEPARTMENT OF PUBLIC WORKS					
Director's Office					
Salaries and Wages	9,887.01	9,887.01	-	9,887.01	-
Other Expenses	731,499.61	731,499.61	283,741.94	447,757.67	-
Electrical Bureau					
Salaries and Wages	52,012.15	52,012.15	-	52,012.15	-
Other Expenses	23,921.32	23,921.32	8,819.98	15,101.34	-
Parks					
Salaries and Wages	40,448.29	40,448.29	-	40,448.29	-
Other Expenses	26,324.82	26,324.82	3,504.20	22,820.62	-
Beach and Boardwalk					

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
Salaries and Wages	83,413.49	83,413.49	-	83,413.49	-
Other Expenses	22,253.76	22,253.76	6,532.61	15,721.15	-
Sanitation					
Salaries and Wages	178,323.50	178,323.50	3,728.97	174,594.53	-
Other Expenses	463,974.59	463,974.59	97,521.03	366,453.56	-
Asphalt Plant/Street Repairs					
Salaries and Wages	86,792.37	86,792.37	-	86,792.37	-
Other Expenses	36,472.96	36,472.96	21,916.87	14,556.09	-
Paint and Sign Shop					
Salaries and Wages	5,213.39	5,213.39	-	5,213.39	-
Other Expenses	8,453.72	8,453.72	5,271.58	3,182.14	-
Building Maintenance Division					
Salaries and Wages	183,746.89	183,746.89	-	183,746.89	-
Other Expenses	34,743.15	34,743.15	3,123.20	31,619.95	-
Community Services Act					
Other Expenses	329,954.98	329,954.98	226,638.24	103,316.74	-
Vehicle Maintenance					
Other Expenses	792,585.90	792,585.90	557,001.98	235,583.92	-
Facilities					
Salaries and Wages	56,124.54	56,124.54	-	56,124.54	-
Other Expenses	20,773.45	20,773.45	1,983.17	18,790.28	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Director's Office					
Salaries and Wages		-		-	-
Other Expenses	90,721.49	90,721.49	10,756.16	79,965.33	-
Health Administration					
Salaries and Wages	44,723.30	44,723.30	-	44,723.30	-
Other Expenses	25,134.31	25,134.31	101.64	25,032.67	-
Social Services					
Salaries and Wages	62,227.59	62,227.59	-	62,227.59	-
Other Expenses	125,547.09	125,547.09	79,006.29	46,540.80	-
Recreational and Cultural Affairs					
Salaries and Wages	404,431.76	404,431.76	-	404,431.76	-
Other Expenses	56,923.13	56,923.13	4,950.00	51,973.13	-
Clinical Services					
Salaries and Wages		-		-	-

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
Other Expenses	94,615.03	94,615.03	33,560.10	61,054.93	-
Animal Control Expense					
Other Expenses		-		-	-
DEPARTMENT OF LICENSES AND INSPECTIONS					
Director's Office					
Salaries and Wages	255.70	255.70	-	255.70	-
Other Expenses	17,621.28	17,621.28	17,304.93	316.35	-
Inspections					
Salaries and Wages	33,764.24	33,764.24	-	33,764.24	-
Other Expenses	6,021.41	6,021.41	2,492.65	3,528.76	-
Regulatory Division					
Salaries and Wages	46,395.41	46,395.41	-	46,395.41	-
Other Expenses	8,634.03	8,634.03	2,323.89	6,310.14	-
CITY COUNCIL					
Salaries and Wages	433.49	433.49	-	433.49	-
Other Expenses	9,648.12	9,648.12	980.30	8,667.82	-
CITY CLERK					
Salaries and Wages	28,332.46	28,332.46	-	28,332.46	-
Other Expenses	79,188.71	79,188.71	11,401.24	67,787.47	-
UNIFORM CONSTRUCTION CODE					
Salaries and Wages	158,422.53	158,422.53	-	158,422.53	-
Other Expenses	10,180.74	10,180.74	1,948.06	8,232.68	-
UNCLASSIFIED					
Electricity	166,397.83	166,397.83	96,831.25	69,566.58	-
Street Lighting	566,722.73	566,722.73	259,527.71	307,195.02	-
Telephone	65,990.59	65,990.59	49,795.78	16,194.81	-
City Water Usage	310,000.00	310,000.00	261,417.05	48,582.95	-
Gas	170,132.93	170,132.93	18,791.75	151,341.18	-
Sewer	57,649.71	57,649.71	14,556.05	43,093.66	-
Gasoline	556,167.83	556,167.83	106,347.20	449,820.63	-
Codification of Ordinances	7,500.00	7,500.00	2,500.00	5,000.00	-
Interest to State for Deferred Payments	1,178,320.14	1,178,320.14	-	1,178,320.14	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
DEFERRED CHARGES					
Prior Years					
FEMA Deobligation	213,009.88	213,009.88	213,009.88	-	-
STATUTORY EXPENDITURES					
Contribution to					
Social Security	360,879.87	360,879.87	-	360,879.87	-
Defined Contribution Retirement	23,946.98	23,946.98	8,790.31	15,156.67	-
Lifeguard Pension	66,404.77	66,404.77	-	66,404.77	-
Consolidated Police and Firemen's Pension Fund	435.00	435.00	420.03	14.97	-
Police and Firemen's Retirement System	-	-	-	-	-
OPERATIONS EXCLUDED FROM "CAPS"					
Maintenance of Library	233,381.80	233,381.80	233,381.80	-	-
Match for Grant	60,197.00	60,197.00	-	60,197.00	-
Interlocal Agreement	600,721.07	600,721.07	-	600,721.07	-
All Other Accounts - No Change	-	-	-	-	-
\$	<u>18,402,490.11</u>	<u>18,402,490.11</u>	<u>4,638,742.84</u>	<u>13,763,747.27</u>	<u>-</u>
		Cash Disbursements	4,334,482.33		
		Accounts Payable	304,260.51		
		<u>4,638,742.84</u>			

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2016	\$	9,242,106.69
Increased by:		
Levy - Calender Year 2017		<u>41,888,968.00</u>
		51,131,074.69
Decreased by:		
Payments		<u>47,783,231.58</u>
Balance December 31, 2017	\$	<u><u>3,347,843.11</u></u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance 12/31/2016</u>	<u>Transferred From 2017 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance 12/31/2017</u>
FEDERAL GRANTS:					
Bulletproof Vest Partnership -2013	\$ 44,902.99				44,902.99
Bulletproof Vest Partnership -2014	31,831.69				31,831.69
Bulletproof Vest Partnership -2015		69,209.00			69,209.00
FEMA-Assistance to Firefighters	48,481.00				48,481.00
FEMA-Assistance to Firefighters - 2016	185,651.00				185,651.00
FEMA-Assistance to Firefighters - 2017		611,364.00			611,364.00
FEMA-Hazard Mitigation Fisherman's Park	1,678,930.79		1,081,551.18		597,379.61
FEMA-Flood Hazard Mitigation	773,177.00				773,177.00
FEMA - AFG Fire Prevention Study		94,520.00			94,520.00
FBI Police Equipment		270,000.00	270,000.00		-
SAFER	10,438,669.44				238,276.70
CDBG - Disaster Recovery Inlet Seawall	549,266.07		10,200,392.74		348,700.68
CDBG - Main Street AC Streetscape	582,847.10	46,441.38	247,006.77	(5,247.90)	588,095.00
CDBG - Post Sandy Planning Grant	166,222.50				166,222.50
Ed Byrne Memorial Justice Assistance Grant - 2016		94,676.00			94,676.00
Ed Byrne Memorial Justice Assistance Grant - 2015	93,893.00				93,893.00
Ed Byrne Memorial Justice Assistance Grant - 2014	109,723.00		76,084.00		33,639.00
Atlantis Pump Gate Station	6,500,000.00				6,500,000.00
COPs in SHOPS - 2017	(0.00)	8,960.00	5,000.00		3,960.00
COPs in SHOPS - 2014	3,600.00				3,600.00
Total Federal	21,207,195.58	1,195,170.38	11,880,034.69	(5,247.90)	10,527,579.17
LOCAL GRANTS:					
CRDA - Street Lighting	1,194,069.66				1,194,069.66
CRDA - Demolition	686,293.66				686,293.66
CRDA - Law Enforcement Technology	2,103,732.42		841,917.54		1,261,814.88
CRDA - Boardwalk Demolition	359,770.00				359,770.00
CRDA - Class II Officers		1,500,000.00	781,138.04		718,861.96
CRDA - Garden Pier	45,303.07				45,303.07
CRDA - Boardwalk/Street Lighting	2,302,730.01				2,302,730.01
CRDA - Boardwalk Repairs	294,619.34				294,619.34
CRDA - Enhanced Enforcement Building Maintenance	108,442.22				108,442.22

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

Purpose	Balance 12/31/2016	Transferred From 2017 Revenues	Received	Adjustments	Balance 12/31/2017
CRDA - Demolition	1,323,408.04		102,735.07		1,220,672.97
Local Law Enforcement Block Grant Interest		9.30	9.30		-
AC Devco	170,000.00		170,000.00		-
AC Housing Authority	30,000.00				30,000.00
County of Atlantic:					
Atlantic County Alliance - 2016	30,059.00		19,445.56		10,613.44
Atlantic County Alliance - 2017		30,059.00			30,059.00
Meals on Wheels - 2016	12,090.00				12,090.00
Meals on Wheels - 2017		12,090.00			12,090.00
CEHA - 2016	48,000.00		45,000.00		3,000.00
CEHA - 2017	-	48,000.00			48,000.00
Boys and Girls Club	660,350.00				660,350.00
Total Local	9,368,867.42	1,590,158.30	1,960,245.51	-	8,998,780.21
STATE GRANTS:					
NJ DOT: Trust Fund Authority Act of 1984					
Ventnor Avenue	196,000.00				196,000.00
Ventnor Avenue		272,848.00			272,848.00
Route 187 to Pacific	13,268.83				13,268.83
NJ DOT - Ohio / MLK	70,417.94				70,417.94
Disaster Relief Opportunity - Atlantis Ave	962,654.15		173,281.77		789,372.38
Compressed Natural Gas	62,464.00				62,464.00
Maryland to Route 187	42,731.12				42,731.12
Resurface Artic Ave	50,000.00				50,000.00
Resurface Ventnor Ave	52,500.00				52,500.00
Bikeway Connection		558,000.00			558,000.00
Bikeway Improvement		300,000.00			300,000.00
Inlet Bike Loop		296,000.00			296,000.00
AC Traffic Light Synchronization	286,016.98		264,819.68		21,197.30
Transportation Alternative Program	966,000.00				966,000.00
NJBPU - LED Lighting Upgrade Program	2,000,000.00		100,000.00		1,900,000.00

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Purpose	Balance 12/31/2016	Transferred From 2017 Revenues	Received	Adjustments	Balance 12/31/2017
NJBPU - Microgrid Feasibility Study		175,000.00			175,000.00
NJ Department of Law & Public Safety					
Body Armor - 2017	-	21,389.73	21,389.73		-
Body Worn Camera Program	30,000.00				30,000.00
NJ Department of Environmental Protection					
Brownfield Cleanup Riverside Park	69,699.38				69,699.38
Brownfield Cleanup South Boulevard	200,000.00		10,640.00		189,360.00
Brownfield - Bungalow Park Site Cleanup	163,658.00		2,575.00		161,083.00
Brownfield Cleanup - AC Delta Basin	200,000.00				200,000.00
Brownfield - Hazardous Contamination	200,000.00				200,000.00
Brownfields- Petroleum Contamination	200,000.00				200,000.00
Hazardous Discharge Site Remediation - Riverside	47,985.00				47,985.00
HDSRF - Motor Vehicle Inspection Station		32,032.00			32,032.00
Clean Community	-	83,649.00	83,649.00		-
Harold Brown Memorial Park	666,296.00		371,122.40		295,173.60
Green Acres - Altman Playground Acquisition	189,135.62				189,135.62
Green Acres	450,000.00				450,000.00
Recycling Tonnage	-	80,990.86	80,990.86		-
Sustainable Jersey	10,000.00		10,000.00		-
PAL and All Wars Generator	430,000.00				430,000.00
Altman Field Playground - Site Remediation	39,974.00				39,974.00
James Usry Center - Site Remediation	118,290.00		2,993,400.27		118,290.00
EDA - Boardwalk Reconstruction	2,993,400.28		94,648.50		0.01
National Fish and Wildlife	104,957.50				10,309.00
Total State	10,815,448.80	1,819,909.59	4,206,517.21	-	8,428,841.18
\$	41,391,511.80	4,605,238.27	18,046,797.41	(5,247.90)	27,955,200.56
		Cash	17,965,797.25		
		Unappropriated Reserves	81,000.16		
			18,046,797.41		

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2016		2017	Disbursed	Encumbrances	Adjustments/ Canceled	Balance Dec. 31, 2017
	Appropriated	Reserve for Encumbrances					
FEDERAL GRANTS:							
SAFER	-	-					-
SAFER	8,826,052.40			8,693,293.64			132,758.76
Federal Emergency Management							
Assistance to Firefighters	75,166.36		672,500.00				672,500.00
Assistance to Firefighters	27,515.32	168,740.00		193,435.32	2,820.00		75,166.36
Hazard Mitigation Fisherman's Park	-	2,168,364.00		1,720,487.42	447,876.58		-
FEMA-Flood Hazard Mitigation	-	773,177.00		773,177.00			0.00
FEMA - AFG Fire Prevention Study	-		99,245.00				99,245.00
Department of Justice							
Bullet Proof Vest Partnership 2013	-	467.00			467.00		-
Bullet Proof Vest Partnership 2014	-	19,110.93		430.93	17,746.00		934.00
Bullet Proof Vest Partnership 2015			69,209.00	14,906.51	18,272.49		36,030.00
Ed Byrne Memorial Justice Assistance Grant - 2017			94,676.00		10,591.00		84,085.00
Ed Byrne Memorial Justice Assistance Grant - 2015	93,893.00			61,678.20			32,214.80
Ed Byrne Memorial Justice Assistance Grant - 2014	33,639.37	1,875.00		1,875.00			33,639.37
Local Law Enforcement Block Grant - interest	21,040.77		9.30				21,050.07
FBI - Police Equipment							
CDBG - Post Sandy Planning Grant	81,436.10	15,330.70	270,000.00	30,404.60	239,595.40		81,436.10
CDBG - Disaster Recovery Inlet Seawall	618,650.00				15,330.70	(13,832.51)	678,923.89
CDBG - Main Street AC Streetscape	468,398.45	119,696.55		175,223.75	330,197.80		82,673.45
Pass through New Jersey Department of Education							
Summer Food Program - 2014	23,623.47						23,623.47
Summer Food Program - 2015	-						-
Pass through New Jersey Department of Health							
WIC - 2014	-						-
Total Federal	10,269,415.24	3,266,761.18	1,252,080.68	11,664,912.37	1,082,896.97	(13,832.51)	2,054,280.27
LOCAL GRANTS:							
CRDA - Street Lighting	1,007,136.00						1,007,136.00
CRDA - Demolition	414,236.23						404,129.37
CRDA - Law Enforcement Technology	1,047,318.49	25,000.00		35,106.86			683,116.13
CRDA - Boardwalk Demolition	304,770.80	350,503.01		543,511.62	171,193.75		329,770.80
CRDA - Demolition within Tourism District	64,478.57	25,000.00					8,539.98
CRDA - Garden Pier	55,521.02	664.00		26,553.12	30,049.47		55,521.02
CRDA - Boardwalk/Street Lighting	1,853,058.81						1,853,058.81
CRDA - Summer Concerts							
CRDA - Boardwalk Repairs	286,764.11	38,246.25		32,360.00	38,246.25		254,404.11
CRDA - Class II Officers	-		1,500,000.00	918,164.97	2,730.97		579,104.06
CRDA - Street Lighting	-						-
CRDA - Brighton Park Fountain Repairs	-						-
CRDA - Demolition	814,791.92	5,701.31		327,598.83	136,706.54		356,187.86

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2016	2017	Encumbrances	Disbursed	Encumbrances	Adjustments/ Canceled	Balance Dec. 31, 2017
	Appropriated	Reserve for Encumbrances	Appropriations				
CRDA - Winter Wonderland Festival	-	-					-
AC Devco	-	170,000.00		153,212.61	16,787.39		0.00
AC Housing Authority	-	30,000.00		30,000.00			-
Atlantic County:							
Municipal Alliance - 2017	-		37,574.00	18,199.28	19,374.72		-
Municipal Alliance - 2016	13,513.00	5,208.56		4,708.12	4,813.44		9,200.00
CEHA - 2017	-		48,000.00	6,292.02	616.36		41,091.62
CEHA - 2016	48,000.00						48,000.00
Meals on Wheels - 2017			12,090.00				12,090.00
Meals on Wheels - 2016	12,090.00						12,090.00
Boys and Girls Club	46,940.07	581,559.93		41,552.00	540,007.93		12,090.00
							46,940.07
Total Local	5,968,619.02	1,231,883.06	1,597,664.00	2,137,259.43	960,526.82	-	5,700,379.83
STATE GRANTS:							
New Jersey Department of Transportation							
NJ DOT - Ohio / MLK	-	146,975.53		138,152.34	8,823.19		0.00
NJ DOT Route 187 to Pacific	13,103.72						13,103.72
Disaster Relief Opportunity - Atlantis Ave	435,332.00	299,228.47		304,457.37			430,103.10
NJ DOT Compressed Natural Gas	62,464.00						62,464.00
NJ DOT Maryland Ave to Route 187	21,358.00	20,148.12			20,148.12		21,358.00
NJ DOT Resurface Artic Ave	13,739.75						13,739.75
NJ DOT Ventnor Ave. 2016	196,000.00				24,878.00		171,122.00
NJ DOT Ventnor Ave. 2017			272,848.00				272,848.00
NJ DOT Bikeway Connection			558,000.00				558,000.00
NJ DOT Bikeway Improvement			300,000.00				300,000.00
NJ DOT Inlet Bike Loop			296,000.00				29,575.00
AC Traffic Light Synchronization	-	72,124.31		50,946.51	21,177.80		(0.00)
Transportation Alternative Program	966,000.00						966,000.00
NJBPU LED Lighting Upgrade Program	1,900,000.00	100,000.00		100,000.00	749,250.16		1,150,749.84
NJBPU Microgrid Feasibility Study			175,000.00		175,000.00		-
New Jersey Department of Law & Public Safety							
Alcohol Education & Rehab. -2015	2,639.83						2,639.83
Alcohol Education & Rehab. -2014	118.16						118.16
Alcohol Education & Rehab. -2013	6,114.73						6,114.73
Body Armor - 2017			21,389.73				21,389.73
Body Armor - 2016	23,035.81			3,950.50	18,272.50		812.81
Body Armor - 2015	23,232.42			23,232.42			-
Body Armor - 2014	225.88			11,285.36	2,802.00		0.07
Body Armor - 2013	0.01						0.01
Body Armor - 2012	28,696.17	13,861.55					28,696.17
Body Armor - 2010	1,896.50	467.00			467.00		1,896.50

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2016		2017	Disbursed	Encumbrances	Adjustments/ Canceled	Balance Dec. 31, 2017
	Appropriated	Reserve for Encumbrances	Appropriations				
Body Worn Camera Program	30,000.00						30,000.00
COPS in SHOPS - 2017			8,960.00				8,960.00
COPS in SHOPS - 2016	3,599.85						3,599.85
COPS in SHOPS - 2015	3,278.87						3,278.87
New Jersey State Police							
OEM - PAL and All Wars Generator	430,000.00						430,000.00
New Jersey Department of Community Affairs							
New Jersey Historic Trust	531,848.12						531,848.12
EDA - Boardwalk Reconstruction	-	2,999,192.30		2,924,289.80			74,902.50
Sustainable Jersey	97.47	1,700.00		1,700.00			97.47
Atlantic Pump Gate Station	6,500,000.00				324,500.00		6,175,500.00
New Jersey Department of Environmental Protection							
Clean Communities Program - 2012	10.00						10.00
Clean Communities Program - 2013	20,878.65			10,647.51			10,231.14
Clean Communities Program - 2014	3,071.05						3,071.05
Clean Communities Program - 2015	62,597.55			4,764.75			57,832.80
Clean Communities Program - 2016	98,461.24			48,435.05			41,521.25
Clean Communities Program - 2017	-		83,649.00		8,504.94		83,649.00
Brownfield Cleanup Riverside Park	12,915.00				5,253.44		12,915.00
Brownfield Cleanup South Boulevard	200,000.00	5,253.44					200,000.00
Brownfield - Bungalow Park Site Cleanup	163,658.00			9,300.00	154,358.00		176,000.00
Brownfield Cleanup - AC Delta Basin	200,000.00				24,000.00		100,000.00
Brownfield - Hazardous Contamination	200,000.00				100,000.00		100,000.00
Brownfields- Petroleum Contamination	200,000.00				100,000.00		100,000.00
Hazardous Site Remediation - Riverside Business Park	-	47,985.00		20,997.50	26,987.50		-
Hazardous Site Remediation - Motor Vehicle Inspection			32,032.00		32,032.00		-
Recycling Tonnage Grant - 2017	38,160.44		80,990.86	33,344.20	14,770.00		32,876.66
Recycling Tonnage Grant - 2014	2,216.50	796.00		37,377.63			1,578.81
Recycling Tonnage Grant - 2013	1,056.72			2,216.50			-
Recycling Tonnage Grant - 2009	66.98			1,056.72			-
Recycling Tonnage Grant -2008	378,271.25						66.98
Green Acres - Altman Playground Acquisition		666,296.00		666,296.00			378,271.25
Harold Brown Memorial Park	-						-
Altman Field - Site Remediation	51,673.41						51,673.41
James Ustry Center - Site Remediation	157,720.00						157,720.00
National Fish and Wildlife	137,660.00	29,797.50		136,428.50	6,369.00		24,660.00
Total State	13,121,198.08	4,403,825.22	1,828,869.59	4,528,878.66	2,084,018.65	-	12,740,995.58
Total Federal State and Local	29,359,232.34	8,902,469.46	4,678,614.27	18,331,050.46	4,127,442.44	(13,832.51)	20,495,655.68

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	<u>Balance 12/31/2016</u>	<u>Transferred To 2017 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance 12/31/2017</u>
FEDERAL GRANTS:					
Total Federal	\$ -	-	-	-	-
STATE GRANTS:					
Interest	9.30	9.30	8.41		8.41
Alcohol Education & Rehab - 2011	-		78,846.79		78,846.79
Recycling Tonnage Grant - 2015	80,990.86	80,990.86	124,491.37		124,491.37
Total State	81,000.16	81,000.16	203,346.57	-	203,346.57
\$	81,000.16	81,000.16	203,346.57	-	203,346.57

TRUST FUND
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Dog Licenses</u>	<u>Community Development Block Grant</u>	<u>Other</u>
Balance December 31, 2016	1,417.80	78,498.71	7,784,124.89
Increased by Receipts:			
Dog License Fees 2017	1,245.00		
Due to State of New Jersey	208.20		
Police Detail Net Accounts Receivables			
Payroll Deductions Payable			
Miscellaneous Trust Reserves			5,127,788.64
Account Receivable Police Detail			
CDBG Draws		1,356,320.99	
CDBG Program Income		18,515.25	
Due from Current			
	<u>1,453.20</u>	<u>1,374,836.24</u>	<u>5,127,788.64</u>
Decreased by Disbursements			
Statutory Expenditures			
Due to State of New Jersey	591.00		
Payroll Deductions Payable	208.20		
Miscellaneous Trust Reserves			3,566,395.40
Due to Current Fund		1,400,000.00	106,151.40
CDBG - Expenditures			
	<u>1,188.00</u>	<u>1,400,000.00</u>	<u>3,672,546.80</u>
Balance December 31, 2017	<u>1,683.00</u>	<u>53,334.95</u>	<u>9,239,366.73</u>

**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

Ref.

Balance December 31, 2016		\$	1,720,362.88
Increased by Receipts:			
Premiums	3,932,400.00		
Deposits for Redemption of Tax Sale Certificates	<u>4,561,925.22</u>		
			<u>8,494,325.22</u>
			10,214,688.10
Decreased by Disbursements:			
Premiums	1,824,500.00		
Tax Sale Redemptions	<u>4,672,340.95</u>		
			<u>6,496,840.95</u>
Balance December 31, 2017		\$	<u><u>3,717,847.15</u></u>

ANALYSIS OF BALANCE - DECEMBER 31, 2017

Tax Title Lien Redemption	452,547.15
Tax Sale Premium	<u>3,265,300.00</u>
	<u><u>3,717,847.15</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

	Ref.		
Balance December 31, 2016		\$	1,029.00
Increased by:			
Dog License Fees Collected		1,245.00	
		<u> </u>	<u>1,245.00</u>
			2,274.00
Decreased by:			
Statutory Excess		468.00	
Expenditures under N.J.S. 4:19-15:11		<u>591.00</u>	
			<u>1,059.00</u>
Balance December 31, 2017		\$	<u><u>1,215.00</u></u>

License Fees Collected:

Year		Amount
2016	\$	823.00
2015		<u>392.00</u>
	\$	<u><u>1,215.00</u></u>

Exhibit B-4

TRUST FUND
SCHEDULE OF AMOUNT DUE TO CURRENT FUND - DOG LICENSE FUND

	<u>Ref.</u>	
Balance December 31, 2016		\$ 388.80
Increased by:		
Statutory Excess	<u>468.00</u>	<u>468.00</u>
		856.80
Decreased by:		
Payment	<u>388.80</u>	<u>388.80</u>
Balance December 31, 2017		\$ <u><u>468.00</u></u>

Exhibit B-5

TRUST FUND
SCHEDULE OF AMOUNT DUE TO (FROM) STATE OF NEW JERSEY - DEPARTMENT OF HEALTH

	<u>Ref.</u>	
Balance December 31, 2016		\$ -
Increased by:		
2017 State License Fees	<u>208.20</u>	<u>208.20</u>
		208.20
Decreased by:		
Disbursements to the State		<u>208.20</u>
Balance December 31, 2017		\$ <u><u>-</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR
COMMUNITY DEVELOPMENT BLOCK GRANT - APPROPRIATED**

	Ref.	
Balance December 31, 2016		\$ 2,510,736.50
Increased by:		
Program Awards:		
CDBG	\$ 1,084,202.00	
HOME	316,930.00	
IDIS Adjustment		
Program Income	18,515.25	
		<u>1,419,647.25</u>
		3,930,383.75
Decreased by:		
Program Expenditures:		
CDBG	1,157,097.75	
HOME	305,887.13	
Cancelled	99,082.82	
		<u>1,562,067.70</u>
Balance December 31, 2017		\$ <u><u>2,368,316.05</u></u>
Analysis of Balance:		
Community Development Block Grant		1,564,219.51
HOME		784,731.48
Program Income		19,365.06
		<u><u>2,368,316.05</u></u>

**TRUST FUND
COMMUNITY DEVELOPMENT BLOCK GRANT
DUE TO(FROM) CURRENT FUND**

Balance December 31, 2016		\$	105,659.05
Increase by:			
Receipts	1,462,984.88		
	<hr/>		<hr/>
			1,462,984.88
			<hr/>
			1,568,643.93
Decreased by:			
Disbursements	1,400,000.00		
	<hr/>		<hr/>
			1,400,000.00
			<hr/>
Balance December 31, 2017		\$	<u><u>168,643.93</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Reserve</u>	<u>Balance</u> <u>Dec 31, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec 31, 2017</u>
Uniform Fire Safety	\$ (182,068.86)	68,256.66	94,148.14	(156,177.38)
Law Enforcement	158,313.24	158,313.24	-	-
Parking Offense Adjudication Act	(24,502.66)	8,626.00	-	(33,128.66)
Unemployment Compensation	(2,758,596.00)	420,907.62	632,116.43	(2,547,387.19)
Workers Compensation	(4,911,690.03)	5,082,177.81	4,176,289.43	(5,817,578.41)
Self Insurance Fund	(3,810,181.93)	4,971,604.98	4,704,350.73	(4,077,436.18)
Environmental Quality and Enforcement	(8,978.24)	4,650.00	2,091.77	(11,536.47)
Terminal Leave	-	-	-	-
Planning Developer's Escrow	-	-	8,785.29	8,785.29
	<u>\$ (11,537,704.48)</u>	<u>10,714,536.31</u>	<u>9,617,781.79</u>	<u>(12,634,459.00)</u>

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**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2016		\$	15,059,739.48
Increased by:			
Receipts	152,200,329.55		
	<hr/>		<hr/>
			152,200,329.55
			167,260,069.03
Decreased by:			
Disbursements	153,508,300.20		
	<hr/>		<hr/>
			153,508,300.20
Balance December 31, 2017		\$	<u><u>13,751,768.83</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2016	Receipts		Improvement Authorizations	Disbursements		Transfers		Balance Dec. 31, 2017
		Miscellaneous	Debt Issued		Improvement	Miscellaneous	From	To	
\$									
Fund Balance	3,461,141.86	13,875,329.55							17,336,471.41
Capital Improvement Fund	911,292.97	200,000.00							1,111,292.97
Contracts Payable	1,306,549.22						1,306,549.22	1,487,156.92	1,487,156.92
Grant Receivable	(270,000.00)								(270,000.00)
Improvement Authorizations:									
86-08 Various Improvements	95,760.40			12,612.15			7,511.49		75,636.76
32-09 Recreation Playground Acquisition	826.99			18,611.39			8,811.77	27,423.16	826.99
51-10 Various Improvements	2,028,028.36			807,612.41			360,131.08	519,634.30	1,379,919.17
74-11/51-11 Improvements to Garden Pier	15,818.86			-					15,818.86
27-12 Various Improvements	41,491.04			-					41,491.04
03-13 Construction of Playground	270,000.00			-			15,708.93		270,000.00
25-13 Street Reconstruction	15,708.93			-			124,768.00	14,165.00	0.00
33-13 Various Capital Improvements	110,603.00			731,512.82			676,384.81	738,088.92	5,027,709.14
51-13 General Obligation	5,697,517.85						7,237.84	7,237.84	-
51-13/40-14 Road and Sidewalk Improvements	-						286,603.00		1,088,397.00
85-15 Various Improvements	1,375,000.00		69,800,000.00	76,601,280.57					(6,801,280.57)
7-17 Tax Appeal Refund			68,325,000.00	75,336,670.86					(7,011,670.86)
20-17 Tax Appeal Refund									
\$	15,059,739.48	14,075,329.55	138,125,000.00	153,508,300.20	-	-	2,793,706.14	2,793,706.14	13,751,768.83

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2016		\$	911,292.97
Increased by:			
2017 Budget Appropriation	200,000.00		
	<hr/>		<hr/>
			200,000.00
			1,111,292.97
Decreased by:			
Appropriated to Finance Improvement Authorizations			
	<hr/>		<hr/>
			-
Balance December 31, 2017		\$	<u><u>1,111,292.97</u></u>

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2016		\$ 223,646,000.00
Increased by:		
Bonds issued	138,125,000.00	
	<hr/>	<hr/>
		138,125,000.00
		361,771,000.00
Decreased by:		
Bonds redeemed	17,162,000.00	
	<hr/>	<hr/>
		17,162,000.00
Balance December 31, 2017		\$ <u><u>344,609,000.00</u></u>

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord #	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Raised in 2017 Budget	Adjustment or Debt Issued	Balance Dec. 31, 2017	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
03-13	Construction of Playground	\$ 480,000.00				480,000.00			480,000.00
7-17	Tax Appeal Refunding		80,000,000.00		73,198,719.43	6,801,280.57		6,801,280.57	-
20-17	Tax Appeal Refunding		80,000,000.00		72,988,329.14	7,011,670.86		7,011,670.86	-
		\$ 480,000.00	160,000,000.00	-	146,187,048.57	14,292,951.43	-	13,812,951.43	480,000.00
							Improvement Authorizations Unfunded		
							Less:		
							Unexpended Proceeds of Bond		
							Anticipation Notes Issued:		
							Ord. Number		

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GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Original Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
			Date	Amount					
General Obligation Bonds of 2008	2/15/2008	26,500,000	2/15/2018	3,000,000.00	5.50%	6,000,000.00		3,000,000.00	3,000,000.00
General Obligation Bonds of 2011	2/1/2011	16,354,000	2/1/2018	1,600,000.00	4.00%				
			2/1/2019	1,600,000.00	5.00%				
			2/1/2020	1,600,000.00	5.00%				
			2/1/2021	1,600,000.00	4.50%				
	2/1/2022	1,599,000.00	5.00%	9,599,000.00			1,600,000.00	7,999,000.00	
Pension Refunding Bonds	4/1/2012	5,450,000	4/1/2018	630,000.00	3.953%				
			4/1/2019	655,000.00	4.253%				
			4/1/2020	685,000.00	4.556%				
			4/1/2021	720,000.00	4.756%	3,295,000.00		605,000.00	2,690,000.00
Refunding Issue 2012	4/1/2012	15,710,000				3,220,000.00		3,220,000.00	-
General Obligation	12/1/2013	13,901,000	12/1/2018	835,000.00	5.00%				
			12/1/2019	860,000.00	5.00%				
			12/1/2020	890,000.00	5.00%				
			12/1/2021	920,000.00	5.00%				
			12/1/2022	950,000.00	5.00%				
			12/1/2023	990,000.00	5.00%				
			12/1/2024	1,030,000.00	5.00%				
			12/1/2025	1,070,000.00	5.00%				
			12/1/2026	1,115,000.00	5.00%				
			12/1/2027	1,175,000.00	5.00%				
	12/1/2028	1,230,000.00	5.00%	11,881,000.00			816,000.00	11,065,000.00	
Refunding Issue 2014	1/15/2014	7,710,000							
General Obligation	3/1/2015	12,000,000	1/15/2018	1,960,000.00	2.09%	3,960,000.00		2,000,000.00	1,960,000.00
			3/1/2018	425,000.00	6.00%				
			3/1/2019	425,000.00	6.00%				
			3/1/2020	600,000.00	6.00%				
			3/1/2021	600,000.00	6.375%				
			3/1/2022	600,000.00	6.375%				
			3/1/2023	600,000.00	6.375%				
			3/1/2024	600,000.00	6.375%				
			3/1/2025	600,000.00	6.375%				
			3/1/2026	600,000.00	6.375%				
			3/1/2027	600,000.00	6.375%				
			3/1/2028	600,000.00	6.375%				
			3/1/2029	2,265,000.00	6.375%				
				3/1/2030	2,635,000.00	6.375%	11,575,000.00		425,000.00
					\$	49,530,000.00	-	11,666,000.00	37,864,000.00
							Refunded	11,666,000.00	
							Redeemed	11,666,000.00	

GENERAL CAPITAL FUND
SCHEDULE OF TAX APPEAL REFUNDING BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
			Date	Amount					
Series 2012 (tax exempt)	12/5/2012	90,380,000	11/1/2018	4,840,000.00	4.00%				
			11/1/2019	6,425,000.00	5.00%				
			11/1/2020	5,035,000.00	5.00%				
			11/1/2021	4,690,000.00	5.00%				
			11/1/2022	4,155,000.00	5.00%				
			11/1/2023	5,730,000.00	4.00%				
			11/1/2024	5,730,000.00	4.00%				
			11/1/2025	5,730,000.00	4.00%				
			11/1/2026	5,590,000.00	4.00%				
			11/1/2027	5,610,000.00	4.00%				
			11/1/2028	5,630,000.00	3.00%				
			11/1/2029	5,140,000.00	3.00%				
			11/1/2030	5,095,000.00	3.00%				
			11/1/2031	4,600,000.00	3.125%				
			11/1/2032	4,560,000.00	3.125%	83,380,000.00		4,740,000.00	78,640,000.00
Series 2013 (tax exempt)	12/1/2013	48,976,000	12/1/2018	755,000.00	5.000%				
			12/1/2019	7,125,000.00	5.000%				
			12/1/2020	6,680,000.00	5.000%				
			12/1/2021	6,235,000.00	5.000%				
			12/1/2022	6,055,000.00	5.000%				
			12/1/2023	5,790,000.00	5.000%				
			12/1/2024	4,145,000.00	5.000%				
			12/1/2025	4,315,000.00	5.000%				
			12/1/2026	890,000.00	5.000%				
			12/1/2027	890,000.00	5.000%				
			12/1/2028	890,000.00	5.000%				
			12/1/2029	890,000.00	5.000%				
			12/1/2030	890,000.00	5.000%				
			12/1/2031	890,000.00	5.000%				
			12/1/2032	890,000.00	5.000%	48,976,000.00		756,000.00	48,220,000.00
Series 2015A (taxable)	5/21/2015	41,760,000	3/1/2018		7.000%				
			3/1/2019		7.000%				
			3/1/2020	525,000.00	7.000%				
			3/1/2021	605,000.00	7.000%				
			3/1/2022	685,000.00	7.000%				
			3/1/2023	770,000.00	7.000%				
			3/1/2024	865,000.00	7.000%				
			3/1/2025	965,000.00	7.000%				
			3/1/2026	1,070,000.00	7.000%				
			3/1/2027	1,185,000.00	7.000%				
			3/1/2028	1,310,000.00	7.000%				
			3/1/2029		7.000%				
			3/1/2031	2,355,000.00	7.500%				
			3/1/2032	2,640,000.00	7.500%				
			3/1/2033	2,735,000.00	7.500%				
			3/1/2034	2,950,000.00	7.500%				
			3/1/2035	3,180,000.00	7.500%				
			3/1/2036	3,430,000.00	7.500%				
			3/1/2037	3,665,000.00	7.500%				
			3/1/2038	3,960,000.00	7.500%				
			3/1/2039	4,290,000.00	7.500%				
			3/1/2040	4,625,000.00	7.500%	41,760,000.00			41,760,000.00

GENERAL CAPITAL FUND
SCHEDULE OF TAX APPEAL REFUNDING BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
			Date	Amount					
Series 2017A	5/24/2017	68,800,000	3/1/2018		5.000%				
			3/1/2019		5.000%				
			3/1/2020	1,670,000.00	5.000%				
			3/1/2021	1,750,000.00	5.000%				
			3/1/2022	1,845,000.00	5.000%				
			3/1/2023	1,945,000.00	5.000%				
			3/1/2024	2,045,000.00	5.000%				
			3/1/2025	2,150,000.00	5.000%				
			3/1/2026	2,265,000.00	5.000%				
			3/1/2027	2,385,000.00	5.000%				
			3/1/2028		5.000%				
			3/1/2030		5.000%				
			3/1/2031		5.000%				
			3/1/2032	13,185,000.00	5.000%				
			3/1/2033		5.000%				
			3/1/2034		5.000%				
			3/1/2035		5.000%				
			3/1/2036		5.000%				
			3/1/2037		5.000%				
			3/1/2038		5.000%				
			3/1/2039		5.000%				
			3/1/2040		5.000%				
			3/1/2041		5.000%				
			3/1/2042	22,810,000.00	5.000%				
					68,800,000.00				
Series 2017B	9/20/2017	68,325,000	9/1/2018	3,500,000.00	2.000%				
			3/1/2019	1,800,000.00	4.000%				
			3/1/2020	1,800,000.00	5.000%				
			3/1/2021	1,800,000.00	5.000%				
			3/1/2022	1,800,000.00	5.000%				
			3/1/2023	1,820,000.00	5.000%				
			3/1/2024	1,915,000.00	5.000%				
			3/1/2025	2,015,000.00	5.000%				
			3/1/2026	2,115,000.00	5.000%				
			3/1/2027	2,225,000.00	5.000%				
			3/1/2028		5.000%				
			3/1/2029		5.000%				
			3/1/2030		5.000%				
			3/1/2031		5.000%				
			3/1/2032	12,960,000.00	5.000%				
			3/1/2033		5.000%				
			3/1/2034		5.000%				
			3/1/2035		5.000%				
			3/1/2036		5.000%				
			3/1/2037	16,575,000.00	5.000%				
			3/1/2038		5.000%				
			3/1/2039		4.000%				
			3/1/2040		4.000%				
			3/1/2041		4.000%				
3/1/2042	1,800,000.00	4.000%							
					68,325,000.00				
					\$ 174,115,000.00	138,125,000.00	5,496,000.00	306,745,000.00	

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
No current year activity						\$ -	-	-	-
						Raised in Budget Bonds Issued			
						-			

GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Debt Issued	Cancelled	Balance Dec. 31, 2017
33-13	Construction of Playground	480,000.00				480,000.00
7-17	Tax Appeal Refunding		80,000,000.00	69,800,000.00	3,398,719.43	6,801,280.57
20-17	Tax Appeal Refunding		80,000,000.00	68,325,000.00	4,663,329.14	7,011,670.86
		<u>\$ 480,000.00</u>	<u>160,000,000.00</u>	<u>138,125,000.00</u>	<u>8,062,048.57</u>	<u>14,292,951.43</u>

CITY OF ATLANTIC CITY

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

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GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000, except by contract or agreement

The governing body of the municipality has the responsibility of determining whether the expenditures of any category will exceed \$40,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Counsel's opinion should be sought before a commitment is made.

The minutes indicate bids were requested by public advertising for the following items: turf maintenance, vehicles, replacement of check valves, salt dome, boardwalk repairs, uniforms.

The minutes indicate resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our examination of expenditures did not reveal any payments in excess of \$40,000 "for the performance of any work or the furnishing or hiring of any materials or supplies: other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they become delinquent. The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes.

"BE IT RESOLVED" by the City Council of the City of Atlantic City, in accordance with Chapter 435, New Jersey Laws of 1979, and N.J.S.A. 54:4-67, 54:5-24, 54:5-32 and 54:5-35, which authorizes the Governing Body to fix the rate of interest to be charged, in the City of Atlantic City, for the nonpayment of taxes and assessments, said rate of interest shall be and is hereby fixed at 8 percent per annum on the first \$1,500 of delinquency and 18% per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes and assessments become delinquent. In addition, a 6% penalty is authorized for delinquencies in excess of \$10,000 at the end of the year.

It appears from an examination of the collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 20, 2017 and was complete. There are several bankruptcies from prior years not sold.

The following comparison is made of the number of the tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2017	874
2016	658
2015	878

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on tax-paying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulation of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payment of 2017 and 2018 Taxes	5
Municipal Court	10

All delinquent taxes, except those in bankruptcy, were included in the accelerated tax sale. Therefore, no delinquent tax balances were available to verify. As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Currently</u>		
	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2017	\$ 100,460,165 **	96,542,661	96.10%
2016	243,392,800 \$\$	231,758,652	95.22%
2015	240,246,154 ^^	236,406,572	98.40%
2014	347,223,794 @@	337,094,258	97.08%
2013	358,998,095 ##	354,102,158	98.64%

** Reduced by \$7,218,614 in tax appeals

\$\$ Reduced by \$8,120,219 in tax appeals

^^ Reduced by \$11,502,196 in tax appeals

@@ Reduced by \$31,083,726 in tax appeals

Reduced by \$7,202,241 in tax appeals

Comparative Schedule of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	3.421	3.860	3.422	3.348	2.542
Apportionment of Tax Rate:					
Municipal	1.798	1.898	1.747	1.749	1.349
Municipal					
Library	0.033	0.043	0.051	0.045	0.035
County	0.241	0.383	0.385	0.357	0.229
Local					
School	1.349	1.536	1.239	1.197	0.929
Assessed					
Valuation:	3,106,630,800	6,515,881,304	7,349,894,206	11,272,717,903	14,402,873,676

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last five years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent Taxes</u>	<u>Percentage of Tax Levy</u>
2017	\$ 9,741,800	1,223,006	10,964,806	4.36%
2016	10,907,385	8,716,807	19,624,192	7.80%
2015	9,094,293	686,027	9,780,320	3.88%
2014	6,376,804	1,577,837	7,954,641	2.10%
2013	5,218,101	2,738,661	7,956,762	2.17%

Uniform Construction Code

The City of Atlantic City construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

Law Enforcement Trust Fund

In order to promote statewide uniformity and accountability, the State Attorney General has issued standards concerning the administration of seized and forfeited property and monies. Funds distributed to a municipality from seizures or forfeitures, or the sale of forfeited property is to be deposited into a special law enforcement trust fund to be used for a law enforcement purpose. NJAC 13:77-1.4 defines a law enforcement purpose as a purpose which is calculated to enhance a law enforcement agency's ability to conduct criminal investigations, surveillance, arrests, and prosecutions and to respond more fully to the effects of crime and, for the purposes of these rules, shall be beyond that allocated by the law enforcement agency's annual budget. This special law enforcement trust fund must be under the direct control of the funding entity. Any local governmental body that receives forfeited proceeds or property shall comply with auditing requirements specified under NJSA 40A:5-4.

FINDINGS AND RECOMMENDATIONS

Finding 17-1

Criteria

The City is required to maintain a fixed asset general ledger accounting system.

Condition

An accurate listing of City assets is not being properly maintained or reconciled.

Cause

City personnel do not have appropriate training in maintaining the fixed asset general ledger.

Effect

It is unable to be determined if all of the City's fixed assets are properly recorded.

Recommendation

An inventory of assets should be performed. All assets should be tagged and tracked in the general ledger accounting system.

Management Response

The City is preparing to have an inventory prepared and will maintain the general ledger on an ongoing basis.

Finding 17-2

Criteria

Accurate time keeping for all employees should be in place to ensure employees are properly compensated.

Condition

Proper documentation is not available or obtained for employees, including vacation requests, I-9 forms, W-4 forms and overtime approvals.

Cause

A central time keeping is not utilized for all departments within the City. Procedures for personnel changes are not in place to ensure documentation is maintained and available for examination.

Effect

It is unable to be determined if employees are properly compensated for time worked and if all required documents have been obtained.

Recommendation

All employees and departments should utilize a time keeping system that will track hours worked. Procedures should be approved and implemented to ensure that all required forms and documentation is maintained in the human resources and payroll departments.

Management Response

The City is implementing a new time keeping system. Procedures will also be implemented to ensure proper documentation is obtained and available for examination.

STATUS OF PRIOR RECOMMENDATIONS

Finding 16-1

All outside offices should utilize pre-numbered receipts or a centralized receipting system. If any receipts are brought to City Hall for deposit, verification of the amount should be confirmed and documented prior to being entered into the general ledger.

This finding was corrected in 2017.

RECOMMENDATIONS

An inventory of assets should be performed. All assets should be tagged and tracked in the general ledger accounting system.

All employees and departments should utilize a time keeping system that will track hours worked. Procedures should be approved and implemented to ensure that all required forms and documentation is maintained in the human resources and payroll departments.

In accordance with the Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations, and Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by the City Council in response to my comments.

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Very truly yours,

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

May 25, 2018

